

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page



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This brochure provides information about the qualifications and business practices of Optivest, Inc. It is prepared pursuant to regulatory requirements. If you have any questions about the contents of this brochure, please contact us at the phone number or website listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Optivest, Inc. is a registered investment adviser with the SEC under the Investment Advisers Act of 1940 (the "Advisers Act"). However, such registration does not imply a certain level of skill or training. Additional information about Optivest, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Dated: March 25, 2013**

## Item 2 Material Changes

This Form ADV, Part 2, also known as the “Brochure”, requires disclosure on distinct topics, and answers must be presented in the order of the items in the form, using the headings in the form. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

After the initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

### **Summary of Material Changes:**

Item 5- Updated Fee Schedule

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### INTRODUCTION

Optivest, Inc. is a Registered Investment Advisory firm registered with the U.S. Securities and Exchange Commission (SEC) since March 26, 2008. We are noticed filed in our home state and various other states which means we are registered to do business in those states. We may conduct business in other states by claiming an exemption from registration. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide you, including this Brochure, is information you can use to evaluate us and other advisers, which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship. This Brochure provides information about our qualifications and business practices.

### OWNERSHIP

Optivest, Inc. is a privately owned corporation headquartered in Dana Point, California. Mark Van Mourick, President & CEO is the sole shareholder of the business.

### ADVISORY SERVICES OFFERED

We provide various types of advisory services. These advisory services include portfolio management, investment supervisory services, investment advice, tax and or financial planning, tax reporting and compliance, business exit and estate planning. We provide investment advice to family limited partnerships and personal limited liability companies and also offer advice on real estate, mortgages (trust deeds) and private business transactions. We do in depth due diligence on real estate and business private placements before recommending them to clients. This due diligence includes meetings with principals, review of property or business, financial and legal reviews, investment performance, reviewing past ventures in detail, talking with third party business associates, etc.

On a discretionary basis, we design, revise and reallocate custom portfolios for you. Portfolios can consist of individual stocks and bonds, options, ETF's, mutual funds, or a combination of any investment vehicles. On an occasional basis, we may provide advice on interests in partnerships, private placements, hedge funds or other alternative investments. Our advice is not limited to these types of investments.

Our service constitutes an ongoing process by which:

Your investment objectives, constraints and preferences are identified and specified;

Investment strategies are developed and implemented through a combination of financial assets;

Capital market conditions and your circumstances are monitored; and

Portfolio adjustments are made as appropriate to reflect significant changes to any or all of the above relevant variables.

We do not participate in any wrap fee programs.

### PORTFOLIO MANAGEMENT & INVESTMENT SUPERVISORY SERVICES:

Once we fully understand each client's unique background, financial situation and objectives, the process of creating an optimum recommendation for a portfolio allocation begins. The process continues by utilizing sophisticated forecasting tools to audit investment cycles, current vs. historical valuations and statistical probabilities of return. We perpetually evaluate the general economy, inflation, interest rates, US and foreign stock markets, broad commodity prices and real estate. We also consider both professional and amateur sentiments key indicators in market turns. This current investment discipline is balanced with the client's unique investment objectives, in order to strategically arrive at his or her asset allocation. In addition, our portfolios are far more diversified than the typical stock, bond and cash allocations.

Once the strategic asset allocation is established, the tactical portfolio construction is developed. This further refines a portfolio, diversifying and hedging to minimize volatility and stabilize returns. We will utilize balancing management styles, product and geographic diversification, and financial hedges to accomplish this goal. Portfolios are stress-tested against varied potential market conditions and calibrated to target specific income and growth returns. An initial portfolio is created and continually refined as the financial markets change, new products emerge and the client's objectives change and

mature.

Our investment advisory services involve developing an initial in depth asset allocation and portfolio management report which is consistent with your long term objectives, risk and volatility tolerances, along with estate and taxation issues. Initial plans will outline present situation, recommended changes, and implementation procedures needed to align your current investment portfolio with your stated goals. Record keeping of investment activity, as reported by your various custodians, is compiled and reported quarterly using Schwab Portfolio Center portfolio management software.

Subsequent meetings, phone conversations, active monitoring of portfolios and formal quarterly meetings will be used to provide ongoing investment advice to each client.

#### **INVESTMENT CONSULTING AND FINANCIAL PLANNING SERVICES;**

We furnish financial planning services through consultations which are billed on an hourly basis. We are available to consult with those that desire assistance to evaluate the impact of material changes in financial position, real estate purchases, tax preparation, bookkeeping services or other issues that significantly affect your financial situation. These services do not involve completion of a comprehensive financial plan.

#### **THIRD PARTY MANAGEMENT SERVICES:**

In addition to in house Portfolio Management services, we offer access to outside Third Party Managers (TPM's). We may recommend that you utilize the services of a TPM to manage a portion of your portfolio. We would recommend to you a TPM whose investment style is believed to be consistent with your financial needs, investment goals, tolerance for risk and stated investment objectives. We will be available to answer questions you may have regarding your account and act as the communications conduit between you and the TPM. All TPM's we refer our clients to will be properly registered with the appropriate regulator(s). The TPM is granted authority by you to manage and invest your assets.

Those who are referred to TPM's will receive full disclosure, including services rendered and fee schedules at the time of the referral by delivery of a copy of the relevant TPM's brochure or equivalent disclosure document.

The TPM may impose a minimum dollar amount of initial assets for the investment advisory services as disclosed in the management agreement. These minimums may be waived at the TPM's discretion. You will be provided the appropriate TPM's disclosure statement, in addition to the TPM's ADV Part 2A Brochure and privacy policy, prior to placing the assets with the TPM. In some cases, TPM's will utilize other qualified custodians.

#### **FAMILY OFFICE SERVICES:**

We provide Family Office Services to families and individuals who desire in house, full integration of their investments, accounting, taxes, estate plans, real estate, philanthropy and lifestyle needs. These services provide a complete high net worth tax and accounting department, access to a highly experienced estate and business sales tax planning team of professionals, private business pre-sale advice, philanthropic and foundation planning, research, education, management and administration for charitable giving and family legacy planning and education. These personalized services are through our luxury professional alliances.

In conjunction with our professional exit and estate planning alliances, we will consult and will present written reports on one or more of the following areas of Business Sale Tax Advantaged Strategies, Income Tax Minimization, Retirement Security, Estate Planning, Educational Funding, Investment /Asset Repositioning, Life Insurance, Disability Insurance, Risk Management, Philanthropic Tax Advantaged Strategies. Recommendations will be made based upon the goals and objectives provided to us by you. After we have delivered the written report to you, we will arrange for a consultation with you to review the written report. Any and all of your questions and observations will be discussed at this meeting and a final plan of action will be formalized.

**ASSETS UNDER MANAGEMENT:**

As of December 31, 2012, Optivest, Inc. has approximately \$100,897,438 of discretionary assets under management and \$92,730,722 in non-discretionary assets under management.

**Item 5 Fees and Compensation****PORTFOLIO MANAGEMENT & INVESTMENT SUPERVISORY FEE SCHEDULE:**

<u>Assets Under Management</u>	<u>Annualized Fee</u>
First \$1,000,000	1.00%
\$1,000,000 to \$ 5,000,000	0.75%
\$5,000,000 to \$25,000,000	0.50%
\$25,000,000 to \$50,000,000	0.45%
\$50,000,000 to \$75,000,000	0.40%
\$75,000,000 to \$100,000,000	0.35%
Over \$100,000,000	0.30%

We consider any investment we research, recommend and direct clients to invest in as an asset we manage. We provide continuous and regular supervision of all such client investments and count these investments as assets we manage. We offer to track and report on other client assets (self managed) such as personal residences, businesses, collectibles, or other assets that we did not recommend the purchase of, for full balance sheet and net worth calculation purposes, but we do not consider those assets to be under our management.

We aggregate accounts to receive any mutual fund breakpoints then allocate the respective fees to each appropriate account. All accounts for members of your family (husband, wife and dependent children) or related businesses may be assessed fees based on the total balance of all accounts, e.g. per household. Fees are determined on the last day of each calendar quarter based on the value of account assets under management calculated by our portfolio reporting in conjunction with the designated custodian as of the close of business on the last business day of the preceding quarter. Assets under management include assets not held at the designated custodian.

**Compensation Arrangements:**

Portfolio Management fees will be billed in one of two ways.

1. Fees will be directly deducted from your account at the custodian quarterly in advance from your accounts within thirty (30) days following the end of the quarter. We will send the qualified custodian written notice of the amount of the fee to be deducted from your account.

We and/or the custodian shall provide written notice/invoice documentation reasonably supporting the determination of the investment advisor fees. The Custodian will send to you a quarterly Account statement that shows the amount of our advisory fee, the value of your assets upon which the fee was based, and the specific manner in which the fee was calculated. We will verify that the Custodian sends Account statements on a quarterly basis.

Or

2. Fees will be directly invoiced quarterly within (30) days following the end of the quarter.

You should compare invoices for advisory fees to the corresponding custodian statement. Statements should be received from the custodian no less than quarterly. If statements are not received, contact us immediately.

Our fees are based on the percentages listed in the Fee Schedule on ending account market values based on the calendar quarter custodial statement. Fees for the initial quarter will be adjusted pro-rata based upon the number of calendar days in the calendar quarter that the Agreement goes into effect.

Fees are calculated by multiplying the assets under management market value by the relevant percent and dividing such product by four (4). Accounts opened in mid-quarter will be assessed at a pro-rated management fee.

**Other Fees Received:**

We donate 10% of all gross advisory fees to the Optivest Foundation, a non-profit 501(c)3 entity, which is managed by Mark and Trisha Van Mourick. This foundation benefits Christian and humanitarian organizations around the world.

Optivest, Inc. and the Optivest Foundations will receive 10% of investment banking fees collected by Optivest Investment Banking. Optivest Investment Banking and Optivest, Inc. may have common clients.

**Additional Types of Fees or Expenses:**

Portfolio Management fees do not include cost of custodial services for individual retirement accounts for qualified retirement plans. Transaction costs are not commissions. They are clearing costs charged by the designated clearing firm on the account. In a non-wrap account, you would be charged these fees by the custodian in addition to our management fee. Additional fees may be incurred while the funds are in a money market fund or other no-load fund. These fees are charged and collected by the mutual funds and are not refundable to Client.

**Termination:**

You have the right to terminate the contract without penalty at any time within five (5) business days after the effective date of the contract. Either party may terminate the Management Agreement at any time and for any reason, upon thirty (30) days written notice to the other party. Upon notice of termination, we will await further instructions from you as to what steps you request to liquidate and/or transfer the portfolio and remit the proceeds. Upon instructions received, we will instruct broker dealers, mutual fund sponsors, and others to liquidate and/or transfer the portfolio and remit proceeds back to you or a designated third party. A refund of our unearned Management Fees will be made on a prorated basis from the time of termination.

No proration's for breakpoints are achieved during the quarter. Breakpoints are applied when billing occurs in the next quarter.

**INVESTMENT CONSULTING AND FINANCIAL PLANNING FEE SCHEDULE:**

Our investment consulting and financial planning service fees depend on the scope, complexity and work to be performed by our Firm. Hourly rates vary and range from \$150 to \$300 per hour per hour. Depending upon a number of factors, including, but not limited to, the complexity of the issues involved, the amount of time and resources that must be committed to the project, and the level of expertise and experience of the consultants involved in the project a flat fee may apply. You will be quoted the total charge for the services to be rendered and must agree prior to entering into an engagement agreement with us.

**THIRD PARTY MANAGEMENT PROGRAM FEE SCHEDULE:**

The fees payable these referral services depend upon the fee arrangement between you and the TPM to whom you are referred to. The basic fee schedule for these services will vary based on the TPM chosen to provide this service and may range from 1% to 1.5%. The fee will be based on the amount of assets managed and may be negotiable. In no event will the annual management fee exceed 3.00%. The fee will be paid according to the management agreement of the chosen TPM. All fees will be payable directly to the TPM to which discretionary authority is given. Complete disclosure of the amount of the fee received

by us will be available in the management agreement given to you under "Solicitor Disclosure". We will not receive a commission for any transaction.

**Termination:** You may terminate the management agreement according to the terms disclosed in the management agreement. If fees are paid prior to service being rendered, and you terminate services, the prorated fees for the portion not used will be returned.

**FAMILY OFFICE SERVICES FEE SCHEDULE:**

Family Office services are provided on either a quoted fixed fee or on an hourly basis depending on the type of service(s) the client requests. Hourly fees range from \$300 to \$325 depending on the service. All fees are negotiated and agreed upon before any services are rendered. A portion of the fee may be paid to us, an allied professional working with us or both. Fees are paid on-half upon execution of the Agreement and balance due upon completion of the service.

**Termination:** The agreement shall remain in full force and effect until terminated by either party upon receipt of written notice from the other party. If fees are paid prior to service being rendered, and you terminate services, the prorated fees for the portion not used will be returned.

**ERISA Accounts, Profit Sharing 401(k), SEP's:**

We may also have other retirement accounts which are subject to ERISA rules and regulations. In all cases an "eligible investment advice arrangement" or advisory agreement will be executed with the Client. We will be considered a "fiduciary advisor" and will charge fees to the retirement account.

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

Performance based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. We do not charge performance-based fees nor do we provide side-by-side management services. We may recommend a third party manager who does charge performance based fees.

Performance based fee arrangements may create an incentive to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. This type of fee arrangement can also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. We have procedures in place to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among our clients. For accounts that we refer to outside third party managers the net return from performance based fee account investments has to exceed net returns offered by non-performance based fee investments or we will pull the account.

**Qualified Client**

Only qualified investors as defined by Sec. 205-3 of the Investment Advisors Act at the time of investment who meet the required threshold are permitted to invest in investments that charge performance fees. Typically, this includes a minimum liquid net worth excluding the value of the investor's primary residence and minimum assets under management. The thresholds will be adjusted for inflation every five years with the initial rule effective date of May 22, 2012.

Key provisions of Section 205-3 are paragraph (d) which can be found at:  
<http://taft.law.uc.edu/CCL/InvAdvRIs/rule205-3.html>

The firm will assure the investor meets these thresholds prior to accepting the investor into the investment vehicle which charges performance fees.



## Item 7 Types of Clients

**Client Base:** Our customer base may consist of individuals, trusts, estates, charitable organizations, corporations or other business entities, IRA's, and pension and profit sharing plans. These are the types of clients that we service, but we may not have all these types as current clients at any one time.

**Conditions for Account Management:** We do not impose a minimum account size of assets or other conditions for starting or maintaining an account with our Firm.

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

### Methods of Analysis & Investment Strategies:

We work with you to devise an investment strategy to meet your financial objectives. This includes:

- discussion regarding your objectives
- review of existing holdings
- ongoing analysis of funds
- advice on best direction for new investments
- updates of specific changes within the market or to particular funds
- regular monitoring of recommended investments and yearly review

The flexibility of our strategies gives us the ability to best manage investment risks in any investment market.

We use Charting, Fundamental, and Technical security analysis methods. We also conduct thorough due diligence of all outside managers track record, management philosophy, personnel history, including verifying assets with custodians and looking for potential conflicts of interest. We monitor all investments on a regular and continuous basis. .

Charting Analysis is a way of gathering and processing price and volume information of a particular security by applying mathematical equations and then plotting the resulting data onto graphs in order to predict future price movements.

Fundamental Analysis involves using real data to evaluate a security's value. We perform fundamental analysis on a securities value by looking at economic factors, such as interest rates and the overall state of the economy, information about issuers, potential changes in credit ratings, revenues, earnings, future growth, return on equity, profit margins and other data to determine underlying value and potential for future growth.

Technical Analysis involves studying supply and demand in the market to determine what direction, or trend will continue in the future by understanding the emotions in the market as opposed to its components and focuses on the effect of previous price movements. Understanding the benefits and limitations of technical analysis can give a new set of tools or skills that will enable us to be a better trader or investor.

**Risk of Loss:** The advice offered by our Firm to clients is determined by the areas of expertise of the agent providing the service and the client's stated objective. Our clients are advised to notify our Firm promptly if there are ever any changes in your financial situation or investment objective or if you wish to impose any reasonable restrictions upon our management services. If you wish to impose any reasonable restrictions upon our management services, you will need to advise us in writing of any restrictions.

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. All securities trading, whether in stocks, options, or other investment vehicles, is speculative in nature and involves substantial risk of loss that clients should be prepared to

bear. Past performance is not necessarily indicative of future results. Clients should make every effort to understand the risks involved.

**The Principal Risks of Investing include, but are not limited to:**

**General Risks:** Your investments with us are not a deposit of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Accordingly, you may lose money by investing with us. When you sell your investments, they may be worth less than what you paid for them because the value of investments will fluctuate reflecting day-to-day changes in market conditions, interest rates and a number of other factors.

**Allocation Risk:** Our allocation of investments among different asset classes, such as equity or fixed-income assets classes, may have a more significant effect on your returns when one of these classes is performing more poorly than others.

**Market Risk:** Stock and bond markets often trade in random price patterns, and prices can fall over sustained periods of time. The value of the investments we make for you will fluctuate as the financial markets fluctuate. This could result in your account value(s) declining over short or long term periods of time.

**Focused and Concentrated Portfolio Risks:** We will often invest your assets in a smaller number of securities than other broadly diversified investment strategies. Our approach is often referred to as "focused, concentrated, or non-diversified". Accordingly, the money we manage for you may have more volatility and is often considered to have more risk than a strategy that invests in a greater number of securities because changes in the value of a single security may have a more significant effect, either negative or positive, on your overall portfolio value. To the extent we invest your assets in fewer securities, or in non-diversified funds that take a focused or concentrated approach, your assets are subject to greater risk of loss if any of those securities become permanently impaired.

**Equity Risk:** Your investments will be subjected to the risk that stock prices may fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities in your portfolio may fluctuate drastically from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors will contribute to the volatility and risk of your assets.

**Special Situation Risk:** We may invest your assets in special situations. Investments in special situations may involve greater risks when compared to other strategies due to a variety of factors.

Expected changes may not occur, or transactions may take longer than originally anticipated, resulting in lower returns than contemplated at the time of investment. Additionally, failure to anticipate changes in the circumstances affecting these types of investments may result in permanent loss of capital, where we may be unable to recoup some or all of its investment.

**Foreign Securities Risk:** We have the ability to invest in foreign securities, and, from time to time, a significant percentage of your assets may be composed of foreign investments. Foreign investments involve greater risk in comparison to domestic investments because foreign companies/securities: may have different auditing, accounting, and financial reporting standards; may not be subject to the same degree of regulation as U.S. companies, and may have less publicly available information than U.S. companies; and are often denominated in a currency other than the U.S. dollar.

**Currency Risk:** Your investments may be subject to currency risk. Currency fluctuations and changes in the exchange rates between foreign currencies and the U.S. dollar could negatively affect the value of your investments in foreign securities.

**Interest Rate Risk:** Your investments are subject to interest rate risk. Interest rate risk is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise. For example, fixed-income

securities with long maturities typically experience a more pronounced change in value when interest rates change.

**Credit Risk:** Your investments are subject to credit risk. An investment's credit quality depends on its ability to pay interest on and repay its debt and other obligations.

**Small- to Medium-Capitalization Risk:** We may invest your assets in small to medium sized companies. Shares of small to medium sized companies may have more volatile share prices. Furthermore, the securities of small to medium companies often have less market liquidity and their share prices can react with more volatility to changes in the general marketplace.

**Junk Bond/High-Yield Security Risk:** We may invest your assets in Junk Bonds or High-Yield, lower rated securities. Investments in fixed-income securities that are rated below Investment grade can be subject to greater risk of loss of principal and interest than investments in higher-rated fixed-income securities. The market for high yield securities may be less liquid than the market for higher-rated securities. High yield securities are also generally considered to be subject to greater market risk than higher-rated securities. The capacity of issuers of high yield securities to pay interest and repay principal is more likely to weaken than is that of issuers of higher-rated securities in times of deteriorating economic conditions or rising interest rates.

**Prepayment Risk:** Your investments may be subject to prepayment risk. Prepayment risk occurs when the issuer of a security can repay principal prior to the security's maturity. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. In addition, the potential impact of prepayment features on the price of a security can be difficult to predict and result in greater volatility.

**Inflation Risk:** This is the risk that the value of your assets or income your investments will be less in the future as inflation decreases the value of your money. As inflation increases, the value (purchasing power) of your assets can decline. This risk increases as we invest a greater portion of your assets in fixed-income securities with longer maturities.

**Liquidity Risk:** Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing us from selling out of these illiquid securities at an advantageous price.

## Item 9 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 our firm or the integrity of our management.

We do not have any material facts about legal or disciplinary events that are material to your evaluation of the integrity of our firm or its advisory agents to disclose. Your confidence and trust placed in us and our advisory agents is something we value and endeavor to protect.

We value and endeavor to protect the confidence and trust you place in our Firm and its advisory agents.

A full report that reflects the professional background, business practices, and conduct of our advisory agents is available through the Financial Industry Regulatory Authority's (FINRA) BrokerCheck system link at [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or you may request disclosable information under BrokerCheck by calling (800) 289-9999, a toll-free hotline operated by FINRA.

You may also access a full report of our advisory agents through the IARD link at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Should you have any technical difficulties with this link you can call 240-386-4848 for further assistance.

The information that appears on these websites is collected from individual investment adviser representatives, investment adviser firm(s), and/or securities regulator(s) as part of the securities industry's registration and licensing process.

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

registered investment advisory firm. Our registration as a broker dealer is used for private placement transactions.

### **Broker Dealer Relationship:**

Advisory agents of our Firm may also be registered with Gramercy Securities, Inc., member FINRA/SIPC, a non-affiliated broker/dealer. In this capacity, our advisory agents will receive normal and customary commissions if you elect to implement a securities transaction through Gramercy Securities, Inc. or purchase a load mutual fund.

### **Investment Advisory Relationships:**

Mark Van Mourick, President and CEO of Optivest, Inc., owns 9.375% and Leslie Calhoun, COO and CCO of Optivest, Inc. owns 3.125% of Sector Logic, LP, a privately owned state registered investment advisory firm. Mark Van Mourick is a Board Member and Partner of Sector Logic, LP. Investment advisory services including portfolio management are offered through Sector Logic, LP to clients of Optivest, Inc.

Advisory agents of Optivest, Inc. may recommend the services of these third party registered investment advisors (third party money managers) who will manage client assets. Optivest, Inc. may receive compensation from the third party money managers for referring these clients to them.

### **Investment Vehicle Relationships:**

Mark Van Mourick, President and CEO of Optivest, Inc., is the General Partner and/or Managing Member of 12 entities that hold real estate properties. Some of our clients have investment interests in these entities for the purpose of income and long-term gains. Those entities are: La Quinta Medical Partner, LP; Carlsbad Partners, LLC; Stockton Partners, LLC; Chicago-Houston Partners, LLC; Optivest IV, LP; Walnut Grove Medical Center, LP; Avalon @ Brush Creek, LLC; Bay West Equities Stockton Industrial Park, LLC; Optivest Storage Partners of Dallas, LLC; Optivest Storage Partners of Southwest, LLC; Optivest Storage Partners of Southwest Partners II, LLC; Optivest Storage Partners of Austin, LLC. Mark Van Mourick, President and CEO of Optivest, Inc. may receive commissions as high as 10% for Private Placement investments, which may be taken in cash or in equity interest in the endeavor, on a security recommended to an investment advisory client.

Mark Van Mourick, President and CEO of Optivest, Inc., owns 42.5% of Optivest Properties, LLC, a privately owned property acquisition and management company. Mark Van Mourick may receive compensation in the form of profit sharing from Optivest Property Protection, an LLC established by Optivest Properties, LLC.

Optivest, Inc. and Optivest Properties, LLC have created limited partnerships and limited liability companies and Optivest, Inc. or Mark Van Mourick may act as the General Partner and/or Managing Member for several of the limited partnerships or limited liability companies. Past partnerships or limited liability companies have been both no load and loaded investment vehicles (loads may range from 0-10%). Optivest, Inc. has in the past recommended investment in these Private Placements which may have caused a conflict of interest. Optivest, Inc. and Optivest Properties, LLC receive various forms of compensation which may include acquisition fees, initial fees up to 10%, financial oversight and accounting fees, ongoing management fees and a carried interest. Such fees are set forth in each offering in the Private Placement Memorandum and Operating Agreement. It is anticipated that Optivest, Inc. will not continue to engage in this activity.

### **Third Party Manager Referral Relationships:**

We may have various hedge fund manager and separately managed account relationships. We work closely with the various third party managers. A conflict of interest exists due to these affiliations.

Material conflicts are reviewed every month and quarter as we review performance of potentially conflicting investments. We will pull money from Managers and Hedge Funds if they underperform benchmarks over 2 quarters or immediately if performance or change in suitability warrants with no regard for lost fee sharing as evidenced by numerous occasions when we pulled Client assets away from underperforming investments to investments that have no fee share or commission arrangements.

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

### **Code of Ethics:**

We have adopted a Code of Ethics Policy to prohibit conflicts of interest from personal trading by our advisory personnel and have established standards of conduct expected of our advisory personnel. We have set forth in the Code of Ethics Policy statements of general principles, required course of conduct, reporting obligations, and review and enforcement of the Code of Ethics Policy. We will provide a copy of the Code of Ethics Policy to our clients or prospective client's upon written request.

### **Participation or Interest in Client Transactions / Personal Trading:**

Our advisory agents are also registered securities representatives of Gramercy Securities, Inc., (Member FINRA/SIPC), a registered broker-dealer. The advisory agents will receive commissions, and other compensation from Gramercy Securities, Inc. in connection with security transactions effected for the accounts the advisory agents manage for our firm.

Optivest, Inc. is also a California state registered (non-FINRA) broker/dealer of which Mark Van Mourick is President and CEO. Mark Van Mourick may receive commissions as high as 10% for private placements activities, which may be taken in cash or in equity interest in the endeavor, on a security recommended to an investment advisory client. This represents a potential conflict of interest and is disclosed and acknowledged in writing by each client.

Our advisory agents will buy or sell for themselves securities that they also recommend to you. These investment products will be bought and sold on the same basis as you buy them. We will transact your transactions and business before our own when similar securities are being bought or sold. In all instances, the positions would be so small as to have no impact on the pricing or performance of the security. Our firm operates on the "last in, last out" basis on securities that are thinly traded or in limited supply. Generally, these investments are in co-ownership of real estate or private business investments. Conflicts of interest may exist when, our advisory agents buys a private offering for themselves when clients want to increase their positions. We will do everything possible to mitigate these conflicts. Records of all advisory associate's proprietary trading activities are reviewed and kept by us. All personal securities transactions on behalf of our advisory agents, employees and employee-related accounts must be:

- Pre-approved where required by our policies
- In compliance with our policies regarding inside and proprietary information, watch list, restricted list, holding period and other conflicts of interests

In addition, we may recommend to you to invest in an alternative investment that may be suitable for your stated investment goals, risk temperament, and investment objectives that Optivest, Inc. or its advisory agent's also act as the General Partner and/or Managing Member and would have some financial interest. Additional information for suggested alternative investment including a discussion of certain significant risks of investing and additional fees involved will be disclosed in the related Private Placement Memorandum. Qualified persons should read the Memorandum carefully before investing.

We and our advisory agents will act in a fiduciary manner, understand the prohibitions against the use of any insider information and will always act in your best interest.

## Item 12 Brokerage Practices

### **Brokerage Selection:**

We recommend the brokers or dealers to handle securities transactions. We utilize Charles Schwab & Co. Inc., member FINRA/SIPC, Fidelity Investments, member FINRA/SIPC, Trust Company of America, Sterling Trust, Pensco Trust, Millennium Trust, Wells Advisors, Morgan Stanley Smith Barney, Fidelity NetBenefits, Hewitt Gannett, TransAmerica and Gramercy Securities, Inc. member FINRA/SIPC, as the broker-dealer or escrow agent for the purchase and execution of securities transactions. Physical custody of your accounts for both securities and funds will be maintained at a designated custodian and clearing firm. Neither the Firm nor its agents are affiliates of Schwab Institutional, Trust Company of America, Sterling Trust, Pensco Trust, Millennium Trust, Wells Advisors, Salomon Smith Barney, Fidelity NetBenefits, Hewitt Gannett, TransAmerica or Fidelity Investments.

Factors which we consider when recommending broker dealers include their respective financial strength, reputation, execution, pricing, research and service. We understand and acknowledge that at all times we owe a fiduciary duty to you to obtain best execution for your transactions. We believe that our relationships with these broker dealers helps us to execute securities transactions for you in such a manner that your total cost in each transaction is as favorable as possible under prevailing market conditions. However, accounts may not obtain best execution at all times. The commissions and/or transactional fees charged by these broker dealers to you may be higher or lower than those charged by another broker-dealer.

It is our policy to select brokers on the basis of the best combination of cost and execution capability. Subject to its best execution obligations, we intend to use the broker-dealer to effect all or substantially all client securities transactions. We may develop other broker-dealer arrangements with other unaffiliated broker-dealer firm's at our discretion.

We do not render advice to or take any actions on behalf of you with respect to any legal proceedings, including bankruptcies and shareholder litigation, to which any securities or other investments held in client accounts, or the issuers thereof, become subject, and do not initiate or pursue legal proceedings, including without limitation shareholder litigation, on behalf of you with respect to transactions, securities or other investments held in your accounts. The right to take any actions with respect to legal proceedings, including shareholder litigation, with respect to transactions, securities or other investments held in a client account is expressly reserved to you.

### **Brokerage for Client Referrals:**

Neither our Firm nor our Advisory Agents receive client referrals from a broker dealer or other third party when recommending to you a broker-dealer for the execution of securities transactions.

### **Directed Brokerage:**

If you want to direct us to use a particular broker dealer to handle security transactions then you are responsible for the custodian fee arrangement. You should understand that this might prevent us from effectively negotiating brokerage compensation or obtaining the most favorable net price and execution. When directing brokerage business, you should consider whether the commission expenses, execution, clearance and settlement capabilities that you will obtain through another broker dealer are adequately favorable in comparison to those that our Firm would otherwise obtain for you using our selected broker dealers. We do evaluate periodically the execution performance of the brokers-dealers. We encourage you to discuss available alternatives with our advisory agents.

Neither this Firm nor our advisory agents receive any products, research or services other than those disclosed.

### **Trade Aggregation:**

We do not participate in IPO's or hot issues. As a matter of our fiduciary duty, we abide by the following

policies and use the following procedures for trade allocations.

In the event that we have multiple accounts trading in the same securities in the same time frame of a day, it is our policy to trade blocks of securities in our master account and allocate on a pro rata basis to each participating portfolio receiving a percentage of the executed portion of the order based on each portfolio's percentage of the original order.

We have an alternative trade policy when there are ten or fewer accounts that need to trade in the same security in one day given that the particular security is liquid. In this event, we strive to trade the shares at or near the same price in each individual account. This procedure is followed when there are time constraints that don't permit trader to add all monies or shares needed into one block and be executed in block form and allocated pro rata as described above and trades are small enough to not affect the market for that security by taking into consideration average volume, inside markets and news.

### Item 13 Review of Accounts

Reviews are first performed via individual security for all securities held by clients managed by our firm. We are looking for performance to be in line with the statements produced by outside managers, stock pricing for accuracy and cash flow and accruals on direct investments. Second step is to review each individual client report. Both Mark Van Mourick, President and CEO, and Leslie Calhoun, Vice President and CCO, review each individual client written report prior to sending the reports out. This occurs at every quarter end and monthly for any account that requests monthly consolidated reports.

Clients are offered online access to view their portfolios through a secure login to an online account portal. Additionally, we produce and provide quarterly consolidated portfolio reports, the brokerage side accounts of which are reconciled daily by a third party portfolio management vendor, and alternative direct investments are reconciled against statements and scheduled accruals internally on daily basis. Quarterly consolidated portfolio reports are created for every client or monthly upon a client's request. The monthly reports often include estimates of performance that outside managers provide us and are indicated on each report as estimates. The monthly reports are not fully reconciled due to use of estimates which is also disclosed to clients. Clients also receive statements directly from custodians, trust companies, brokerage firms, hedge fund managers on a quarterly basis, at minimum. We urge and advise clients through disclaimers to compare account statements sent by the custodians with those sent by us.

### Item 14 Client Referrals and Other Compensation

#### **Client Referrals:**

We may receive compensation in the form of a finder's fee or other economic interests from other third party managers, real estate brokers, insurance agents, stock or bond portfolio managers or others in connection with a recommended purchase or referral. This poses a conflict of interest and may affect our ability to provide clients with unbiased advice. This compensation allows us to provide services at a lower cost to its clients than would be possible absent a finder's fee arrangement. The sharing arrangement is disclosed in writing and requires Client signature acknowledging it.

On occasion we may pay a finder's fee to an unrelated third party for client referrals. Such fees will only be paid to whom we have entered into a formal referral (solicitor) agreement. Such arrangements will comply with the requirements set forth in Rule 206(4)-3 under the Investment Advisers Act of 1940, and/or applicable state statutes, to the extent they apply. We also require that a referral fee disclosure statement be given to you (or prospective clients) that discloses, among other things, the amount of fee to be paid to the referring person and the fact that the payment of such referral fees has not increased the amount of the total advisory fee that a client (or prospective client) will pay.



**Other Compensation:**

Optivest, Inc. receives various forms of compensation which include acquisition fees, initial fees up to 10%, ongoing management fees and carried interest. Such fees are set forth in each offerings, Private Placement Memorandum and Operating Agreement. These fees are received in addition to investment advisory fees charged by us.

Our Agents may be registered representatives of Gramercy Securities, Inc., Member FINRA/SIPC. In this capacity, our agents may sell securities through Gramercy Securities, Inc. and receive normal and customary commissions as a result of such purchases and sales. This presents a conflict of interest to the extent that the agent recommends that you invest in a security which results in a commission being paid to the agent.

We try at all times to put the interest of you first as part of our fiduciary duty. However, you should be aware that the receipt of additional compensation creates a potential conflict of interest and may affect judgment when making these recommendations.

**Item 15 Custody**

Under government regulations, we are deemed to have custody of your assets since you authorize us to instruct your custodian to deduct our advisory fees directly from your account. We do not maintain physical custody of your accounts nor are we authorized to hold or receive any stock, bond or other security or investment certificate or cash that is part of your account. Your funds and securities will be physically maintained with a "qualified custodian" as required under Rule 206(4)-2 under the Adviser. Your accounts for both securities and funds will be maintained at a qualified designated custodian and clearing firm as directed by you. Account statements are sent quarterly from the custodians and you should carefully review those statements including comparison to any reports we may send to you.

**Item 16 Investment Discretion**

We manage client accounts on a discretionary basis, subject to the restrictions (if any) that have been provided by clients. As discretionary manager, we are fully authorized and empowered to place orders to brokers, dealers, mutual funds, or other persons with respect to the purchase, sale, exchange, disposition or liquidation of any assets held in your portfolio.

We have limited authority to sell or redeem securities holdings in sufficient amounts to pay advisory fees. You may reimburse the portfolio for Advisory Fees paid to us.

**Item 17 Voting Client Securities**

We do not vote your proxies and have instructed the Custodian to forward all proxy material directly to you. We shall forward to you, or to the Advisor(s) for an employee benefit plan covered by ERISA, unless the plan's trust agreement provides otherwise, any proxy materials we receive that pertain to the Assets in your Account. You can contact our office at 949-363-8686 for any questions about a particular solicitation.



#### Item 18 Financial Information

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. We do not have any financial condition that is reasonably likely to impair the ability to meet contractual commitments to you.

#### Item 19 Requirements for State Registered Advisers

Not applicable, we are an SEC registered investment adviser.