

Highline Wealth Management, LLC

Part 2A of Form ADV

The Brochure

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March 14, 2013

This brochure provides information about the qualifications and business practices of Highline Wealth Management, LLC (“Highline”). If you have any questions about the contents of this brochure, please contact us at 301-564-9500. 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.

Highline is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Highline is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2. Material Changes

This Brochure has been updated since its last annual amendment with the SEC in March 2012 with respect to the following items:

Item 10. Other Financial Industry Activities and Affiliations; Item 12. Brokerage Practices	Neal Simon no longer serves on the Schwab Advisor Services Advisory Board.
Item 10. Other Financial Industry Activities and Affiliations	Fortigent Strategies Company (“FSC”), which is the administrative manager of two private funds, Directional Quantitative Equity Fund, LLC and Global-Event Driven Fund, LLC, elected to close and liquidate these two Private Funds effective December 31, 2012. The funds will be wound down in 2013.
Item 10. Other Financial Industry Activities and Affiliations	<p>FSC previously served as administrative manager, and Fortigent previously served as investment adviser, to three private funds: Ironwood Partners Access Fund, LLC, Discretionary Managed Futures Fund, LLC, and Small Cap Long Short Fund, LLC. The private funds’ new administrative manager and adviser now pays an affiliate of Fortigent a percentage of the advisory fees earned by the new administrative manager and adviser from the private funds with respect to investors who were invested in the funds on the final day for which FSC and Fortigent managed and advised the private funds.</p> <p>Accordingly, Fortigent is incentivized to maintain these private funds on its list of recommended private funds available to its financial intermediary clients such as Highline.</p>
Item 12. Brokerage Practices	The discussion of the factors Highline considered in deciding to recommend Schwab as broker/custodian to clients has been expanded.
Item 12. Brokerage Practices	Highline will on occasion receive from Schwab payment/reimbursement for costs associated with presenting expert guest speakers to Highline clients.

A copy of Highline’s Complete Form ADV Brochure and Brochure Supplement is available without charge by contacting Highline at 301-564-9500. Additional information about Highline is also available on the SEC’s website at: www.adviserinfo.sec.gov.

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Item 4. Advisory Business

Firm History and Principal Owners

Neal Simon, Highline's Chief Executive Officer, founded Highline's predecessor entity, Meltzer Wealth Management, in September 2002. In March 2007, Neal Simon formed Highline, which acquired all of the assets of Meltzer Wealth Management. Today, Highline is primarily owned by Simon Management Company ("SMC"), which is owned by Neal Simon. As of December 31, 2012 Highline managed \$752,593,232 on a discretionary basis and \$446,902,729 on a non-discretionary basis on behalf of approximately 180 families and institutions.

Services Provided

Highline provides investment management services on a discretionary and non-discretionary basis to clients. Highline works with each client to create a customized investment plan that will seek to allow them to reach their financial goals. Highline utilizes an "institutional" asset allocation model based on investing principals used by the largest endowments and foundations in the world. By using the methodology used by institutional money managers, Highline aims to achieve consistent returns with less volatility than traditional portfolios. Once a client's allocation is in place, Highline employs a rigorous due diligence process to select the appropriate mutual funds, exchange traded funds ("ETFs"), private investment funds, and/or investment managers (collectively, "Investment Managers"). After the portfolio is constructed, Highline provides on-going analysis and monitoring to make sure your portfolio's risk/return objectives are consistent within the context of a continuously changing market environment.

Each client will be provided the opportunity to place reasonable restrictions on the types of investments that may be recommended by Highline.

For a number of clients, Highline has executed discretionary agreements. These agreements are intended to facilitate the engagement/disengagement of Investment Managers on behalf of clients.

When the services provided are non-discretionary in nature, clients must approve the initial implementation and all subsequent changes to the asset allocation.

Additional information about Investment Managers, investment strategies, advisory fees and other pertinent information is available and provided in the Form ADV Part 2 or other disclosure brochure of the Investment Managers.

Within its non-discretionary capacity, Highline may, without specific approval by the client, purchase or sell securities to meet the cash needs of the client. These purchases and sales will be executed in a manner such that the resulting allocations will generally match the allocation in the account prior to the purchase or sale.

Highline also provides financial planning services to clients. These services involve preparing a financial program for the client based on the client's financial circumstances and objectives. The

information reviewed by Highline normally would cover present and anticipated assets and liabilities, including insurance, savings, investments, and anticipated retirement or other employee benefits. The financial plan developed for the client usually includes general recommendations for a course of activity, or specific actions, to be taken by the client. For example, recommendations may be made that the client obtain insurance or revise existing coverage, establish an individual retirement account, increase or decrease funds held in savings accounts, or invest funds in securities. Highline may also develop tax or estate plans for clients or refer clients to an accountant or attorney for these services.

Item 5. Fees and Compensation

The annual fee for Highline's investment management services, based on the market value of the client's account at the beginning of the calendar quarter, is as follows:

Size (millions)	Fees (basis points)
First \$5	100 b.p.
Next \$5	75 b.p.
Next \$15	50 b.p.
Next \$25	40 b.p.
Thereafter	30 b.p.

There is a minimum advisory fee of \$5,000 per quarter for services rendered by Highline.

For client relationships where more than 10% of managed assets are held in cash (or cash equivalents), Highline reserves the right to apply a 20 b.p. fee on the managed cash assets.

Fees are negotiable. Some clients pay a fixed fee for investment management services.

Clients are invoiced in advance (at the beginning) of each calendar quarter based upon the quarter-end values (adjusted cost or fair market value in the absence of market value, plus any credit balance or minus any debit balance) of the clients' account during the previous quarter. The fees charged by Highline are not based on the capital gains or the capital appreciation of any funds of any client. Related clients accounts may be aggregated for purposes of calculating fees. In addition, Highline does not charge a separate fee for its financial planning services.

The fee for the calendar quarter in which the investment advisory agreement becomes effective (as of the date the contract was signed) will be prorated for the number of days remaining in the quarter.

If clients make contributions greater than \$250,000 during the quarter, Highline reserves the right to bill the client for a pro-rata portion of the contributed assets to the investment account. Clients will be provided with a pro-rata refund when clients withdraw funds greater than \$250,000 from the investment account during a calendar quarter.

In some instances, precise account balances are unavailable to Highline on a timely basis. Highline's billing in those situations is therefore based on the most current information available when fees are calculated.

While Highline makes every effort to obtain account balances directly from the custodian of client assets, for certain accounts Highline may request that clients regularly provide copies of account statements.

In addition to the annual advisory fee, Highline may charge clients a reporting fee of \$125 per account per quarter for accounts outside of the primary custodian(s) designated on the *Brokerage*

Instructions & Disclosure Acknowledgment in the advisory agreement.

The fees charged by Highline are separate and distinct from the fees charged by recommended Investment Managers. A description of these Investment Manager fees is available in each mutual fund's prospectus and private investment fund's and investment manager's disclosure documents. Similarly, Highline's fees are separate and distinct from the fees and expenses charged by mutual funds and private investment funds which may be purchased by a recommended Investment Manager. These fees are also separate from any custodial fees. A description of these fees and expenses is available in each fund's prospectus.

Clients will also incur brokerage and other transaction costs, as further described in Item 12 - *Brokerage Practices* below.

Highline does not independently value any private securities held in client accounts or in the hedge funds it recommends. The quarterly financial information provided by the private funds themselves will be used as the basis for client reporting and fee billing (where a client pays an asset-based fee). This valuation is determined independently of Highline.

For marketable securities, the prices provided by custodians are used for client reporting and fee billing.

Termination

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days' written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. Clients will be responsible for any unpaid fees due at the time of termination based on the number of days that the account was managed during that quarter.

Item 6. Performance Based Fees and Side-by-Side Management

Highline does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to Highline.

Item 7. Types of Clients

Highline offers its investment management services to individuals, trusts, corporations, and pension and profit sharing plans.

Generally, Highline requires a \$2 million minimum investment; however, this minimum is negotiable and has been waived for some clients.

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

Methods of Analysis and Investment Strategy

Highline uses asset optimization models to determine appropriate asset classes for client investment. Based on the determination of the model, Highline will recommend Investment Managers selected according to the investment objectives and risk tolerance level of the client. Specific securities analysis methods are determined by the recommended Investment Managers.

A key component of Highline's asset allocation models is a model developed by Fortigent, LLC ("Fortigent"), an SEC registered investment adviser unaffiliated with Highline. Clients are not assessed a fee by Fortigent. Fortigent may assist Highline in the selection of the Investment Managers, and will generate performance reports for Highline that are distributed to clients.

Highline will use databases of Investment Managers' performance provided by Fortigent and other vendors. Highline does not independently audit or verify the performance figures reported by Investment Managers that appear in these databases.

Certain clients have assets within their portfolios that represent legacy positions that will be liquidated as Highline's strategy is implemented. Highline has adopted procedures to monitor and research these legacy positions.

Risk of Loss - General

All investing involves a risk of loss and the investment strategy offered by Highline could lose money over short or even long periods. Performance could be negatively impacted by a number of different market risks including, but not limited to, that portfolio management techniques used by Highline may not produce the desired results. This could cause accounts to decline in value. In addition, Highline may rely on information that turns out to be wrong. Highline selects investments based, in part, on information provided by issuers to regulators or made directly available to Highline by the issuers or other sources. Highline is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and a result in losses.

Potential Risks of Investing in Equities and Securities Purchased in Mutual Funds, ETFs, and by Investment Managers:

Stock Market Risk - Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Investing in small- and medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

Foreign Securities Risk - Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

Interest Rate Risk - Bonds also experience market risk as a result of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall. The reverse is also true: if interest rates fall, bond prices will generally rise.

A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

Credit Risk - Bonds and bond mutual funds are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

Liquidity Risk - Liquidity risk exists when a particular security is difficult to trade. A mutual fund's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.

Call Risk - Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

Objective/Style Risk - All of the mutual funds and investment managers are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund or manager invests will trail the returns of the overall market.

U.S. Government Agency Securities Risk - Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government-sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

Potential Risks of Investing in Private Investment Funds:

Private investment funds generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Investing in private investment funds is intended for experienced and sophisticated investors only who are willing to bear the high economic risks of the investment. Investors should carefully review and consider potential risks before investing. Certain of these risks may include loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices, lack of liquidity because of redemption terms and conditions and that there may not and will not be a secondary market for the fund, volatility of returns, restrictions on transferring interests in the fund, a potential lack of diversification, higher fees than mutual funds, lack of information regarding valuations and pricing, and advisor risk. Each prospective client investor will be required to complete a subscription agreement with the private investment fund itself, pursuant to which the client investor shall establish that he/she/it is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment. Private investment funds have liquidity risk and investors may not be able to redeem their investment per the offering document's disclosures. In addition, Highline may recommend a particular fund to many clients and a subsequent recommendation to terminate that fund from client portfolios may result in liquidity constraints impacting the redemptions from the fund.

Item 9. Disciplinary Information

Highline and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Item 10. Other Financial Industry Activities and Affiliations

The President of Highline, Neal Simon, is also President of SMC. Mr. Simon will spend a non-material percentage of his time on these related activities. SMC was created as a structure to facilitate Mr. Simon's ownership of Highline and does not provide investment advice.

Personnel of Highline may be investors and/or partners/members in private investment partnerships, limited liability companies, or corporations that invest in securities or private equity opportunities. Certain of the investors in the private investment partnerships, limited liability companies or corporations may also independently be clients of Highline. Highline does not act as an adviser, sponsor or placement agent for these private investment partnerships, limited liability companies or corporation.

Neither Highline nor any of its related persons receive any form of compensation from any recommended Investment Manager.

A client of Highline also manages a private fund that has been recommended to other Highline clients. Highline clients do not receive any preferential treatment as investors in the fund; the manager pays usual and customary fees as a Highline client.

Fortigent has a related entity, Fortigent Strategies Company ("FSC"), which is the administrative manager of two private funds, Directional Quantitative Equity Fund, LLC and Global-Event Driven Fund, LLC. Fortigent serves as the investment adviser to each of these private funds. FSC elected to close and liquidate these two Private Funds effective December 31, 2012 and they will be wound down in 2013.

FSC previously served as administrative manager, and Fortigent previously served as investment adviser, to three private funds: Ironwood Partners Access Fund, LLC, Discretionary Managed Futures Fund, LLC, and Small Cap Long Short Fund, LLC. The private funds' new administrative manager and adviser pays an affiliate of Fortigent a percentage of the advisory fees earned by the new administrative manager and adviser from the private fund with respect to investors who were invested in the fund on the final day for which FSC and Fortigent managed and advised the private funds.

Although Fortigent does not receive payment with respect to new investors in these private funds, this relationship results in a conflict of interest. Specifically, Fortigent is incentivized to maintain these private funds on its list of recommended private funds available to its financial intermediary clients such as Highline. Fortigent thereby increases the likelihood of legacy investors subscribing for additional interests, which would increase the fees paid to Fortigent's affiliate, and would decrease the likelihood of redemptions by certain investors, which would decrease such fees.

Highline receives no compensation nor does it receive any offset in fees payable to Fortigent for placing clients in these funds.

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

Highline and its employees may also buy and sell the same securities that may be recommended to clients. If the possibility of a conflict or interest occurs, the client's interest will prevail. It is the policy of Highline that priority will always be given to the client's orders over the orders of an employee of Highline.

To avoid any potential conflicts of interest involving personal trades, Highline has adopted a Code of Ethics ("COE"), which includes personal trading reporting and review policies and procedures and insider trading policies and procedures. Highline's COE requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of Highline above one's own personal interests;
- Adhere to the fundamental standard that one should not take inappropriate advantage of his or her position;
- Avoid any actual or potential conflict of interest wherever possible;
- Conduct all personal securities transactions in a manner consistent with the COE;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on oneself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve one's professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal securities laws.

Highline's COE also requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide Highline with a detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

A copy of Highline's COE is available to any client or prospective client by contacting Highline's Chief Compliance Officer at 301-564-9500.

In the normal course of business, managers, members and/or associated persons of Highline may provide gifts and gratuities to various clients and other persons. These gifts, gratuities and contributions are not premised upon any specific client referrals or any expectation of any other type of benefit to Highline.

Item 12. Brokerage Practices

Unless directed otherwise, Highline will have brokerage discretion over client accounts. In selecting or recommending broker-dealers to execute portfolio transactions for the client's account, Highline may consider the quality and reliability of the brokerage services, as well as research and investment information and other services provided by the brokers or dealers. Commission rates, being a component of price, are one factor considered by Highline together with other factors. Highline is not obligated to seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction for the client's account or recommend any broker or dealer on the basis of its purported posted commission rate. Accordingly, recommended brokers or dealers may charge commission rates in excess of the amounts another broker or dealer would have charged for effecting transactions when Highline has determined in good faith that the broker's or dealer's commission rates generally are reasonable in relation to the value of the brokerage and/or research provided by the broker or dealer.

Clients may have a pre-established relationship with a broker and they will instruct Highline to execute all transactions through that broker. In directing the use of a particular broker or dealer, clients may lose out on certain benefits that may otherwise be obtained and it should be understood that Highline will not have authority to obtain volume discounts. Consequently, if the client selects its own broker or dealer to execute transactions for the client's account, the client may forfeit more favorable commission rates and execution rates and execution than would be the case if it utilized the broker or dealer recommended by Highline.

Highline attempts to negotiate the commission rate that a client is to pay to the broker-dealer that it has directed Highline to use. The client either approves the commission rate negotiated by Highline or separately determines the commission rate pursuant to its own efforts. In either procedure, the authority to negotiate and establish the rate is solely maintained by the client. A disparity in commission charges may exist among the commissions charged to clients.

Each Investment Manager that Highline recommends to its clients generally will have investment discretion over that portion of the client's accounts managed by the particular Investment Manager. The client should receive disclosures of each such Investment Manager's practices, including brokerage, aggregation of orders, and use by the investment manager of "soft dollars" to obtain research products and services from broker-dealers based on customer orders placed through the brokers. The designation by a client of a particular broker for execution of client account transactions (particularly if it differs from the brokers used by that Investment Manager for execution of most of the Investment Manager's other clients' accounts) may affect the commission rates and the method and pricing of execution of the client's account transactions for the portion of the client's portfolio managed by a particular Investment Manager. The client is urged to review each Investment Manager's disclosures on brokerage practices in deciding whether to direct the Investment Manager to use a particular broker for execution of the client's portfolio transactions.

Asset-based Versus Transaction-based Pricing

For most clients, Highline recommends the establishment of brokerage accounts with Charles Schwab & Co., Inc., a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. We consider a wide range of factors in deciding which broker/custodian to recommend, including:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, etc.)
- breadth of investment products made available (mutual funds, ETFs, etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of Schwab
- Schwab's prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see *Products and Services Available to Us from Schwab* below)

Generally, Highline recommends that clients establish custody accounts that charge an asset-based fee ("ABP Service Fee") rather than transaction-based pricing, as Highline believes this will be most cost effective for clients over a complete investment cycle. Schwab will charge ABP Service Fees generally in lieu of transaction-based commissions for most brokerage services provided by Schwab to such accounts. The complete list of those services not covered by the ABP Service Fee is contained in Schwab's *Asset-Based Pricing Addendum to Account Applications and Agreements* Form, which must be completed by the client.

Asset-based pricing is not appropriate for every brokerage account. Before selecting asset-based pricing for an account, you should consider your particular circumstances and any other relevant factors and determine that asset-based pricing is appropriate for that account. Clients should also note the following:

- The appropriateness of the ABP Service Fee for any account may depend on a number of factors including, among other things, the client's investment objectives and financial situation, the investment strategies, and trading patterns, including the frequency of trading and the number and size of the transactions. Clients should note that the number of transactions in the account in a particular period may be so low that the amount paid to Schwab may exceed the commissions that would otherwise be charged for transactions effected in that period.
- Because clients pay Schwab's ABP Service Fee in addition to any commissions and/or other charges paid to broker-dealers other than Schwab who execute transactions for the accounts, Investment Managers may have an incentive to execute most transactions for

asset-based pricing accounts through Schwab. This incentive could, in some circumstances, conflict with the Investment Managers' duties to obtain best execution of transactions for your accounts.

- Schwab will not determine that asset-based pricing is appropriate for client accounts, nor will Schwab monitor future trading activity in accounts to determine whether asset-based pricing is or remains appropriate.

Schwab Advisor Services

As noted above, for most clients, Highline recommends the establishment of brokerage accounts with Charles Schwab & Co., Inc., a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts.

Products and Services Available to Highline from Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like Highline. They provide Highline and its clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help Highline manage or administer clients' accounts, while others help Highline manage and grow its business. Schwab's support services generally are available on an unsolicited basis (Highline does not have to request them) and at no charge as long as Highline's clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If Highline's clients collectively have less than \$10 million in assets at Schwab, Schwab may charge Highline quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

Services that Benefit Clients

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which Highline might not otherwise have access or that would require a significantly higher minimum initial investment by Highline's clients.

Services that May Not Directly Benefit Clients

Schwab also makes available other products and services that benefit Highline but may not directly benefit clients. These products and services assist Highline in managing and administering Highline's clients' accounts. They include investment research, both Schwab's own and that of third parties. Highline's may use this research to service all or a substantial number of its clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)

- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of Highline's fees from Highline's clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting
- Reimbursement to Highline for fees reimbursed to clients to offset Transfer of Account Exit Fees imposed on clients by other custodians.
- Payment/reimbursement for costs associated with presenting expert guest speakers to Highline clients

Services that Generally Benefit Only Highline

Schwab also offers other services intended to help Highline manage and further develop its business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- A one-time payment of \$10,000 for Fortigent's annual fee

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Highline. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide Highline with other benefits, such as occasional business entertainment of Highline personnel.

Highline's Interest in Schwab's Services

The availability of these services from Schwab benefits Highline because Highline does not have to produce or purchase them. Highline does not have to pay for Schwab's services so long as Highline's clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon Highline committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give Highline an incentive to recommend that clients maintain accounts with Schwab, based on Highline's interest in receiving Schwab's services that benefit Highline's business rather than based on clients' interests in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. Highline believes, however, that its recommendation of Schwab as custodian and broker is in the best interests of clients. Highline's selection is primarily supported by the scope, quality, and price of Schwab's services. Highline has over in \$1 billion in client assets under management, and it does not believe that recommending clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Item 13. Review of Accounts

Client accounts generally are reviewed monthly. The performance of Investment Managers is generally reviewed on a monthly basis. The timeliness of these reviews is based upon the accessibility of client information from selected investment Managers. All accounts are reviewed by Neal Simon, William Schwartz, Gary Sobelman, Jay Weinstein, Tim Hughes, or Ashley Iddings. Triggering factors include material changes in a client's financial situation, changes in an Investment Manager's management team or advisory fee, as well as political and economic events.

All clients receive a performance report on a quarterly basis. The report details the client's positions, gains and losses, income and expenses, and the performance of all Investment Managers.

Item 14. Client Referrals and Other Compensation

Highline from time to time enters into written solicitor agreements with employees or other persons or organizations by which Highline pays referral fees to the solicitors based upon fees received by Highline from the referred client relationship. Some of these organizations or persons may be affiliates of Highline. Highline does not charge clients referred by a solicitor a fee higher or lower than it charges to other similarly situated clients who were not referred by a solicitor.

An inherent conflict of interest arises on behalf of the solicitor because it is receiving an economic benefit for the referral or recommendation of Highline's services. In the case of unaffiliated solicitors, Highline will provide all clients subject to a solicitation or referral fee a disclosure which they will be required to sign.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 - *Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Item 15. Custody

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but Highline can access many clients' accounts through its ability to debit advisory fees. For this reason Highline is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by Highline.

Item 16. Investment Discretion

Highline offers clients investment management services as covered in the Investment Advisory Agreement where each client's investment portfolio is managed on a regular and continuous basis. Highline may assist client in determining, among other things, suitability, investment objectives, goals, time horizons, and risk tolerances. The client's personal investment policy will be developed from these goals and objectives, and Highline will manage the client's portfolio based on that policy. Highline will manage advisory accounts on a discretionary and/or a non-discretionary basis.

Clients must also execute a limited power of attorney to permit Highline to trade their accounts.

For non-discretionary clients, Highline may not make investment decisions, including buying or selling securities, for the client without prior consultation with and consent of client. The client understands that they may forego a particular transaction if Highline cannot obtain that consent.

Because Highline provides investment advice to both discretionary and non-discretionary clients, there exists a potential conflict of interest between the timing of trades for discretionary clients and the seeking of approval for such trades from non-discretionary clients. As such, Highline has adopted the following procedure that will apply when global trades/allocation occur:

1. Non-discretionary clients will be notified of the prospective trade.
2. After this notification is issued to all non-discretionary clients, discretionary clients will be traded.
3. Contemporaneous with or subsequent to the discretionary clients, non-discretionary clients will be traded as their approvals are received by Highline.

Highline generally does not aggregate orders for clients, which could potentially achieve a better average price on ETF transactions for clients.

Among the assets to which Highline provides its investment management services are assets held by clients in their 401K accounts with various mutual fund companies. Because Highline will be responsible for effecting the transactions in these accounts, it will request the client's user name and password that permits online access to the account. Appropriate physical and procedural safeguards have been adopted by Highline to control access to the user names and passwords obtained by Highline.

Clients can place reasonable restrictions on Highline's investment management. For example, some clients have asked Highline not to sell certain securities where the client has a particularly low tax basis.

In performing any of its services, Highline shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. If requested by the client, Highline may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such

recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Highline. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Highline if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Highline's previous recommendations and/or services.

Item 17. Voting Client Securities

Highline will not exercise proxy voting authority over client securities. The obligation to vote client proxies shall rest with the client. Client shall in no way be precluded from contacting Highline for advice or information about a particular proxy vote. However, Highline shall not be deemed to have proxy voting authority solely as a result of providing such advice to the client.

Should Highline inadvertently receive proxy information for a security held in the client's account, then Highline will immediately forward such information on to the Client, but will not take any further action with respect to the voting of such proxy. Upon termination of its Agreement with the client, Highline shall make a good faith and reasonable attempt to forward proxy information inadvertently received by Highline on behalf of the client to the forwarding address provided by the client to Highline.

With regard to all matters (other than proxies) for which shareholder action is required or solicited with respect to securities beneficially held by the client's account, such as (i) all matters relating to class actions, including without limitation, matters relating to opting in or opting out of a class and approval of class settlements and (ii) bankruptcies or reorganizations, Highline affirmatively disclaims responsibility for voting (by proxies or otherwise) on such matters and will not take any action with regard to such matters.

Item 18. Financial Information

Highline has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.