

Quadrant Capital Group, LLC dba Quadrant Partners



Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Quadrant Capital Group, LLC dba Quadrant Partners (“QP”). If you have any questions about the contents of this brochure, please contact us at (513) 871-5500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about QP is also available on the SEC’s website at: www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. QP’s CRD number is 147253.

Material Changes

There have been no material changes since the August 30, 2012 Form ADV. QP's business activities have not changed materially since the time of that update. We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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Advisory Business

QP primarily provides customized investment advisory services to high-net-worth individuals and associated trusts, estates, and other legal entities. QP generally invests client assets in domestic and international stocks, bonds, mutual funds, and exchange traded funds ("ETFs"), separately managed accounts, and alternative investments.

QP works with each client to establish an appropriate investment profile based upon the client's goals. Clients choose from growth, balanced, and conservative strategies, and can impose reasonable restrictions on QP's management of their accounts.

QP was founded in 2009 and is owned by Patrick A. Lafley and John M. Williams. As of December 31, 2012 QP managed \$184,590,385 million on a discretionary basis and \$89,900,876 million on a non-discretionary basis for a total assets under management of \$274,491,261.

Quadrant Partners Real Estate Navigator Fund LP

QP also provides investment advisory services to a private investment fund, the Quadrant Partners Real Estate Navigator Fund LP as investment adviser. The principals of QP are also principals of Quadrant GP LLC, which is the general partner for the Quadrant Partners Real Estate Navigator Fund LP.

The fund offers securities to investors only through private placements of such securities. Please refer to the Offering Memorandum for the Quadrant Partners Real Estate Navigator Fund LP for information related to the risks, suitability requirements, investment objectives, fee charges and expenses for the fund.

Fees and Compensation

QP charges most of its clients an annual investment management fee based on the following schedule:

<u>Assets under management</u>	<u>Annual Fee</u>
First \$10 Million	1.00%
Amounts in excess of \$10 Million & up to \$20 Million	0.75%
Amounts in excess of \$20 Million & up to \$50 Million	0.65%
Amounts in excess of \$50 Million	0.60%

QP has waived or negotiated lower fees for certain clients, such as charitable organizations or employees' family members.

QP imposes a minimum annual fee of \$100,000, which may be waived or reduced, and a maximum annual fee of \$500,000.

QP charges fees quarterly in advance based on the account value at the beginning of the calendar quarter. Most clients authorize QP to deduct fees automatically from their taxable brokerage accounts, but clients may request that QP send quarterly invoices to be paid by check.

In addition to QP's investment management fees, clients bear trading costs and custodial fees. To the extent that clients' accounts are invested in mutual funds, these funds pay a separate layer of management, trading, and administrative expenses.

Performance-Based Fees and Side-By-Side Management

No QP employee receives Performance-Based fees.

Types of Clients

QP primarily provides customized investment management and wealth advisory services to high-net-worth individuals and associated trusts, estates, and other legal entities. QP's minimum client relationship size is generally \$10,000,000, but this amount is negotiable.

Methods of Analysis, Investment Strategies and Risk of Loss

Money managers considered for our clients will be subjected to a rigorous due diligence process. Factors considered will include, but not be limited to: reputation, performance record, assets under management, philosophy, continuity of management, service to clients, awareness of after tax performance objectives, minimum dollar investment requirements and fees. Information with respect to money managers (e.g., performance figures, investment style, etc.) will be obtained from tracking organizations, business publications, business contacts, other money managers, personal interviews and other sources which we believe are reliable. We may also consider other criteria, including, but not limited to, the administration, recordkeeping and reporting services provided by a manager. From time to time, we may retain outside consultants to assist in preparing money manager search lists. In the event that we retain an outside consultant, we will make the final determination regarding which money managers we will make available to our clients.

QP's Investment Committee generally meets every other week to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures.

QP retains the services of Fortigent, LLC ("Fortigent") to assist in identifying qualified money manager candidates. QP, however, makes the final determination regarding which money managers are made available to our clients and why. We have contracted with Fortigent to provide research, due diligence and performance reporting. Through our engagement with Fortigent, we utilize Fortigent's services, including a comprehensive investment platform with particular expertise in alternative investments, a flexible unified managed account program and consolidated wealth reporting. In addition, we have access to Fortigent's web-based portal, whose interface allows access to proposal and rebalancing tools, client portfolio reporting and accounting, as well as industry articles, research papers and other practice management and business development resources.

All investing involves a risk of loss.

Disciplinary Information

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

Other Financial Industry Activities and Affiliations

QP is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a

lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer.

Principals of the Firm also Principals of Quadrant GP, LLC

The principals of QP are also principals of Quadrant GP LLC, which is the general partner for the Quadrant Partners Real Estate Navigator Fund LP. Please refer to Item 4 for more information related to this activity.

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

QP employees may, on a limited basis, purchase for their personal accounts the same securities that may be recommended to clients. To support QP's desire for complete transparency and to avoid any potential conflicts of interest including personal trades, QP has adopted a Code of Ethics (the "Code") which includes formal personal securities transaction and insider trading policies and procedures. QP's Code 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 QP above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- 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 yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal and state securities laws.

QP's Code 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 a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

Brokerage Practices

QP does not maintain physical custody of client assets. QP has limited trading authority over client account(s). We may determine both the amount and the type of securities to be bought or sold. The client signs a limited power of attorney to allow QP this trading authority. (See Item 4) QP has no preferences with respect to where clients custody assets or the brokers that are selected for trading purposes.

QP utilizes the services provided by Fortigent, including, but not limited to, investment manager search and selection, performance monitoring and reporting. Fortigent has an existing favored brokerage relationship with Charles Schwab & Co., Inc ("Schwab") and Fidelity Institutional Advisers ("Fidelity") (jointly the "Custodians"). As a result of Fortigent's existing relationship with the Custodians, we will suggest the Custodians to clients who have no existing brokerage relationship due to attractive pricing and service. While there is no direct affiliation or fee sharing arrangement between QP and Fortigent or the Custodians, Fortigent may receive substantial back-office support, which may be of benefit to our clients and would not be received if Fortigent did not have an established relationship with the brokerage firms. The institutional platform services include, among others, brokerage, custody, and other related services. The Custodian's institutional platform services that assist QP and Fortigent in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with backOffice functions, recordkeeping and client reporting. QP is independently operated and owned and is not affiliated with Fortigent or the Custodians.

We will make recommendations based on the needs of the client and the services provided by the various broker/dealers. Except as provided for in any applicable wrap fee program, the brokerage commissions and/or transaction fees charged by the Custodians or any other designated broker-dealer are exclusive of and in addition to QP's fee. Factors which QP considers in recommending the Custodians or any other broker-dealer, to its clients include their respective financial strength, reputation, execution, pricing, research, and service. The Custodians enables QP to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by the Custodians may be higher or lower than those charged by other broker-dealers. The commissions paid by QP's clients shall comply with QP's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where QP determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while QP will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

If the client requests QP to arrange for the execution of securities brokerage transactions for the client's account, QP shall direct such transactions through broker-dealers that QP reasonably believes will provide best execution. QP shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

The client may direct QP in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and QP will not seek better execution services or prices from other broker-dealer or be able to "aggregate" client transactions for execution through other broker-dealers with orders for other accounts managed by QP (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, QP may decline a client's request to direct brokerage if, in QP sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist QP in its investment decision-making process. Such research generally will be used to service all of QP's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest.

QP may receive from the Custodians or any other broker-dealer, without cost to QP, computer software and related systems support, which allow QP to better monitor client accounts maintained at the Custodians. QP may receive the software and related support without cost because QP renders investment management services to clients that maintain assets at the Custodians. The software and related systems support may benefit QP, but not its clients directly. In fulfilling its duties to its clients, QP endeavors at all times to put the interests of its clients first. Clients should be aware, however, that QP's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence QP's choice of one broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, QP may receive the following benefits from the Custodians, or any other broker-dealer: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate share to client accounts; and access to an electronic communication network for client order entry and account information.

In the event of trading errors caused by QP employees, it is QP's policy to make its clients whole, communicate errors to its clients, and to document errors in its trade error file. Gains arising out of errors will be retained in client accounts while losses will be reimbursed by QP to the client. Losses

to non-qualified accounts are reimbursed immediately upon discovery via a transfer from QP's account to the client, while losses to qualified accounts are reimbursed through an offset of management fees at the next due date for payment of such fees.

On occasions when QP deems the purchase and sale of a security to be in the best interests of more than one of its clients, QP may aggregate multiple contemporaneous client purchases or sell orders into a block order for execution. Executed orders are allocated among participating accounts according to each account's pre-determined participation in the transaction. Clients' accounts for which orders are aggregated receive the averaged price of such transaction, which could be higher or lower than the price that would otherwise be paid by a client absent the aggregation. Any transaction costs incurred in the transaction will be shared pro rata based on each client's level of participation in the transaction.

QP does not regularly purchase initial public offerings for its clients and does not intend to change that practice.

Review of Accounts

Accounts under QP's management are monitored on an ongoing basis by the Investment Committee and the Chief Compliance Officer. The Investment Committee members review each account in detail on at least a quarterly basis, as well as in connection with each client meeting. In addition, on at least a quarterly basis the Investment Committee members and the Chief Compliance Officer review a number of reports that are designed to identify accounts that are outside the expected ranges for returns, exposure to asset classes, and exposure to industry sectors. Reviews of client accounts will also be triggered if a client changes his or her investment objectives, or if the market, political, or economic environment changes materially.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis, but typically monthly. QP may supplement these custodial statements with reports provided during periodic client meetings or as requested.

Client Referrals and Other Compensation

QP pays no portion of its advisory fees to any other investment adviser in exchange for referrals of clients to QP. QP does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients except as described in Item 12.

Custody

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but QP can access certain clients' accounts through its ability to debit advisory fees. For this reason QP 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 routinely review these statements, and should compare these statements to any account information or reports provided by QP.

Investment Discretion

QP typically has investment discretion over all clients' accounts. Clients grant QP trading discretion through the execution of a limited power of attorney included in QP's advisory contract.

Clients can place reasonable restrictions on QP's investment discretion. For example, some clients have asked QP not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, QP has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that QP receives will be treated in accordance with these policies and procedures.

If given discretion by our clients, QP will vote by proxy for individual securities held in our clients' accounts. For all other securities managed by outside managers, QP will not vote by proxy, as the individual fund managers will have discretion to do so on behalf of our clients. QP will not vote (by proxy or otherwise) in any matter for which a shareholder vote is solicited by, or with respect to, issuers of securities beneficially held in the client's account. With regard to all other matters 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), QP affirmatively disclaims responsibility for voting (by proxies or otherwise) on such matters and will not take any action with regard to such matters.

A copy of QP's proxy voting policies and procedures, as well as specific information about how QP has voted in the past, is available upon written request. Upon written request, clients can also take responsibility for voting their own proxies, or can give QP instructions about how to vote their respective shares.

Financial Information

QP does not have any adverse financial condition that is expected to affect its ability to manage client accounts.

Quadrant Capital Group, LLC dba Quadrant Partners



Part 2B of Form ADV The Brochure Supplement

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Updated: November 2012

This brochure supplement provides information about Patrick A. Lafley, John M. Williams, and Cynthia Henderson. It supplements Quadrant Partners LLC's (QP's) accompanying Form ADV brochure. Please contact Patrick Lafley at (513) 871-5504 if you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document.

Additional information is available on the SEC's website at www.adviserinfo.sec.gov.

Patrick A. Lafley Biographical Information

Educational Background and Business Experience

Patrick A. Lafley was born in 1972. He received a Bachelor of Arts degree from Tulane University in 1994 and a Master of Business Administration from Thunderbird, Garvin School of Management in 1998.

Mr. Lafley earned a CERTIFIED FINANCIAL PLANNER™ certification (CFP®) in 2011. The CFP® certification process, administered by CFP Board, identifies to the public that those individuals who have been authorized to use the CFP® certification marks in the U.S. have met rigorous professional standards and have agreed to adhere to the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence when dealing with clients. CFP® certificants must pass the comprehensive CFP® Certification Examination, pass CFP Board's *Fitness Standards for Candidates and Registrants*, agree to abide by CFP Board's *Code of Ethics and Professional Responsibility* which puts clients' interests first and comply with the *Financial Planning Practice Standards* which spell out what clients should be able to reasonably expect from the financial planning engagement.

Mr. Lafley has been a member of QP since 2008. Prior to founding QP, Mr. Lafley was a Vice President of Fifth Third Bank from 2002 to 2008.

Disciplinary Information

Mr. Lafley has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Lafley or of QP.

Other Business Activities

Mr. Lafley is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of QP.

Additional Compensation

Mr. Lafley does not receive economic benefits from any person or entity other than QP in connection with the provision of investment advice to clients.

Supervision

At QP, Mr. Lafley maintains primary responsibility for the company's administration and operations, and services client relationships. Mr. Lafley also serves as Chief Compliance Officer, and may be reached directly by calling (513) 871-5504. All employees are members of the Investment Committee that typically meets weekly to discuss matters relating to client accounts and current market conditions. All employees also receive QP's Investment Adviser Supervisory Manual and Code of Ethics and are asked to annually certify to their understanding of the material.

John M. Williams Biographical Information

Educational Background and Business Experience

John M. Williams was born in 1971. He received a Bachelor of Arts degree in Economics from Vanderbilt University in 1993.

Mr. Williams received the Chartered Financial Analyst (“CFA”) designation in 2010.

CFA Charter Financial Advisor Statement for SEC Form ADV

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute – the largest global association of investment professionals.

There are currently more than 90,000 CFA charterholders working in 135 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

High Ethical Standards

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients’ interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

Global Recognition

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today’s quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 19 countries recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

Comprehensive and Current Knowledge

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit www.cfainstitute.org.

Mr. Williams has been a member of QP since 2009. Prior to founding QP, Mr. Williams was a Vice President of Fifth Third Bank from 2002 to 2009.

Disciplinary Information

Mr. Williams has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Williams or of QP.

Other Business Activities

Mr. Williams is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of QP.

Additional Compensation

Mr. Williams does not receive economic benefits from any person or entity other than QP in connection with the provision of investment advice to clients.

Supervision

At QP, Mr. Lafley maintains primary responsibility for the company's administration and operations, and services client relationships. Mr. Lafley also serves as Chief Compliance Officer, and may be reached directly by calling (513) 871-5504. All employees are members of the Investment Committee that typically meets weekly to discuss matters relating to client accounts and current market conditions. All employees also receive QP's Investment Adviser Supervisory Manual and Code of Ethics and are asked to annually certify to their understanding of the material.

Cynthia E. Henderson Biographical Information

Educational Background and Business Experience

Cynthia E. Henderson was born in 1967. She graduated from Miami University in 1990 with degrees in both Accounting and Finance, and later earned a CPA license in the State of Ohio in 1993.

Ms. Henderson has been a member of QP since 2012. Prior to joining QP, Ms. Henderson performed volunteer work for various non-profit organizations from December 2009 to December 2011. Prior to that, Ms. Henderson was a Managing Principal/Consultant for Fund Evaluation Group, LLC from 1995 to November 2009.

Disciplinary Information

Ms. Henderson has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Ms. Henderson or of QP.

Other Business Activities

Ms. Henderson is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of QP.

Additional Compensation

Ms. Henderson does not receive economic benefits from any person or entity other than QP in connection with the provision of investment advice to clients.

Supervision

At QP, Mr. Lafley maintains primary responsibility for the company's administration and operations, and services client relationships. Mr. Lafley also serves as Chief Compliance Officer, and may be reached directly by calling (513) 871-5504. All employees are members of the Investment Committee that typically meets weekly to discuss matters relating to client accounts and current market conditions. All employees also receive QP's Investment Adviser Supervisory Manual and Code of Ethics and are asked to annually certify to their understanding of the material.