

Syntal Capital Partners, LLC

ADV Part 2A, Firm Brochure

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This brochure provides information about the qualifications and business practices of Syntal Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (432) 262-8111 or Robert.Carlyon@syntal.com. 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 Syntal Capital Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Syntal Capital Partners, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 Material Changes

Since last year's Annual Amendment filing on April 1, 2013, this ADV Part 2A, Firm Brochure has been materially amended at Item 10.D. and Item 14 to disclose certain referral relationships.

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Item 4 **Advisory Business**

- A. Syntal Capital Partners, LLC (“the Registrant”) is a limited liability company formed on February 27, 2012 in the State of Texas. It has been a registered investment adviser with the Securities and Exchange Commission since April 13, 2012. The Registrant is principally owned by Chad Clary, CIMA and Dane Crunk., CRP, CIMA. Messrs. Clary and Crunk are the Registrant’s Co-Managing Members.
- B. As discussed below, the Registrant offers to its clients (individuals, high net worth individuals, pension and profit sharing plans, charitable organizations, and corporations or other businesses not listed above) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap *fee* basis. (See discussion below). If a client engages the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client’s particular need. If the client engages the Registrant on a non-wrap fee basis, the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

Before engaging the Registrant to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Registrant’s annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services pursuant to a stand-alone *Financial Planning Agreement* (see below).

The Registrant provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. Thereafter, the Registrant will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. As appropriate in accordance with the client’s investment objectives, the Registrant primarily allocates client assets among: various independent investment managers, mutual funds, exchange-traded funds (“ETFs”), individual debt and equity securities, options, securities components of variable annuities and variable life insurance contracts. Once allocated, the Registrant provides ongoing monitoring and review of account performance, asset allocation and client investment objectives.

SYNTAL CAPITAL PARTNERS WRAP PROGRAM

The Registrant may provide investment advisory services on a wrap fee basis in accordance with the Registrant's investment advisory wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to the Program are discussed in the Wrap Fee Program Brochure, which is presented to all prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary and/or non-discretionary investment advisory services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment advisory fees. Fidelity Brokerage Services, LLC member NYSE/SIPC ("*Fidelity*") shall serve as the custodian for Program accounts.

Please Note: As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, the Registrant may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Before engaging the Registrant to provide stand-alone planning or consulting services, clients are required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including certain of the Registrant's investment adviser representatives in their individual capacities as registered representatives of Purshe Kaplan Sterling Investments ("PKS") and/or as licensed insurance agents. (See disclosure at Item 10.C). 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 the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** Each client is advised that it remains the client's responsibility to promptly notify the Registrant if there is ever any change in client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. If requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an accountant and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including certain of the Registrant's investment adviser representatives in their separate registered/licensed capacities as discussed below. 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 the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Inverse/Enhanced Market Strategies. The Registrant may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Independent Managers. The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("*Independent Manager(s)*") in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager(s)* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending *Independent Manager(s)* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

Private Investment Funds. Registrant may provide investment advice regarding unaffiliated private investment funds. The Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Registrant calculating its investment advisory fee. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, 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. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. In the event that the Registrant references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

Non-Discretionary Service Limitations. Clients that determine to engage the Registrant on a non-discretionary investment advisory basis **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client's verbal consent.**

Client Obligations. In performing its services, Registrant 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. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2A, Part 2A Appendix 1 (as applicable) and Part 2B of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement, Wrap Fee Program Agreement or Financial Planning and Consulting Agreement.*

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.
- D. There is no significant difference between how the Registrant manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) (See Item 4.B). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody). **Please Note:** When managing a client's account on a wrap fee basis, the Registrant shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.
- E. As of March 25, 2013, the Registrant had approximately \$185,500,000 in assets under management on a discretionary basis and \$48,500,000 in assets under management on a non-discretionary basis. In addition, the Registrant had approximately \$70,100,000 in assets under advisement.

Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap *fee* basis. The Registrant's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

INVESTMENT ADVISORY SERVICES

NON-WRAP FEE BASIS

If a client engages the Registrant to provide discretionary and/or non-discretionary investment advisory services on a non-wrap *fee* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value of assets placed under the Registrant's management (between 1.10% and negotiable), to be charged quarterly in advance, as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
Up to \$2,500,000	1.10%
\$2,500,001 to \$5,000,000	1.00%
\$5,000,001 to \$10,000,000	0.85%
Over \$10,000,000	Negotiable

WRAP PROGRAM

If a client engages the Registrant to provide investment advisory services on a wrap fee basis in accordance with the Registrant's Program, the services offered under, and the corresponding terms and conditions pertaining to the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary investment advisory services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment advisory fees. The current annual Program fee shall be based upon a percentage (%) of the market value of assets placed under the Registrant's management (between 1.25% and negotiable) to be charged quarterly in advance, as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
Up to \$2,500,000	1.25%
\$2,500,001 to \$5,000,000	1.15%
\$5,000,001 to \$10,000,000	1.00%
Over \$10,000,000	Negotiable

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

The Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$450 to \$5,000 on a fixed fee basis, and from \$150 to \$350 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Registrant's *Investment Advisory Agreement* or Wrap Fee and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that *Fidelity* and/or *Pershing, LLC* ("*Pershing*") serve as the broker-dealer/custodian for client investment advisory assets. Broker-dealers such as *Fidelity* and/or *Pershing* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Advisory clients who choose to engage the Registrant on a wrap-fee basis will not incur these broker-dealer fees in addition to the Registrant's wrap-fee. However, in addition to Registrant's investment advisory fee, all clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the average daily balance of the client's account during the previous quarter. The Registrant generally requires an aggregate minimum annual fee of \$5,000 per household for investment advisory services. The Registrant, in its sole discretion, may waive or reduce its minimum annual fee requirement and/or charge a lesser investment advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Registrant's representatives, in their individual capacities, as registered representatives of Purshe Kaplan Sterling Investments ("PKS"), a FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *PKS*, *PKS* will charge brokerage commissions to effect securities transactions, a portion of which commissions *PKS* shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by *PKS* may be higher or lower than those charged by other broker-dealers. In addition, *PKS*, as well as Registrant's Representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *PKS* presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer, Robert Carlyon, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). **However**, a client may engage the Registrant to provide investment advisory services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

Item 7 Types of Clients

The Registrant's clients shall generally include: individuals, high net worth individuals, pension and profit sharing plans, charitable organizations, and corporations or other businesses not listed above. The Registrant generally requires an aggregate minimum annual investment advisory fee of \$5,000 per household for investment advisory services. The Registrant, in its sole discretion, may waive or reduce its minimum annual fee requirement and/or charge a lesser investment advisory fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

A. The Registrant may utilize the following methods of security analysis:

- Charting –analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices;
- Fundamental – analysis performed on historical and present data, with the goal of making financial forecasts;
- Technical – analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices;

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases – securities purchased with the intention of being held for at least a year;
- Short Term Purchases – securities purchased with the intention of being sold within a year;
- Trading – securities purchased with the intention of being sold within thirty (30) days; and
- Options – contract for the purchase or sale of a security at a predetermined price during a specific period of time

Please Note: Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s). Investors generally face the following investment risks:

- Interest-rate Risk – Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- Market Risk – The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors independent of the fund’s specific investments as well as due to the fund’s specific investments. Additionally, each security’s price will fluctuate based on market movement, which may, or may not be due to the security’s operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
 - Inflation Risk – When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
 - Reinvestment Risk – This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
 - Liquidity Risk – Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
 - Financial Risk – Excessive borrowing to finance a business’ operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- B. The Registrant’s methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant’s analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant’s primary investment strategies – Long Term Purchases, Short Term Purchases, and Trading – are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend options transactions which involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- C. As appropriate in accordance with the client's investment objectives, the Registrant currently primarily allocates client assets among: various independent investment managers, mutual funds, ETFs, individual debt and equity securities, options, securities components of variable annuities and variable life insurance contracts.

As disclosed above, if appropriate for a client's designated investment objective the Registrant may also utilize long and short mutual funds and/or ETFs that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Finally, Registrant may also allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its ETF and mutual fund and asset allocation programs (i.e. Aggressive, Moderately Aggressive, Moderate, and Conservative) as designated on the Investment Advisory Agreement. Registrant's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Registrant's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Registrant's management of client assets:

1. Initial Interview – at the opening of the account, the Registrant, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment – the account is managed on the basis of the client's financial situation and investment objectives;

3. Quarterly Notice – at least quarterly the Registrant shall notify the client to advise the Registrant whether the client’s financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Registrant shall contact the client to determine whether the client’s financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – the Registrant shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Registrant not to purchase certain mutual funds;
8. No Pooling – the client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account – a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Item 9 **Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. **Broker Dealer.** As disclosed above in Item 5.E, certain of Registrant’s representatives are registered representatives of *PKS*, a FINRA member broker–dealer. Clients can choose to engage Registrant’s representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Registered Representatives of a Broker Dealer.** As disclosed above, certain of Registrant’s representatives are, in a separate and independent capacity, registered representatives of *PKS*, a FINRA member broker–dealer. Therefore, clients can choose to engage Registrant’s representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

Conflict of Interest. The recommendation that a client purchase a commission product from *PKS* presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client’s need. No client is under any obligation to

purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase securities products recommended by the Registrant through other, non-affiliated registered representatives. **Registrant's Chief Compliance Officer, Robert Carlyon remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

Licensed Insurance Agents. Certain of the Registrant's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis.

Conflict of Interest: The recommendation by Registrant's representatives that a client purchase an insurance product presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from the Registrant's representatives. Clients are reminded that they may purchase insurance products through other, non-affiliated insurance agents and/or registered representatives, respectively. **The Registrant's Chief Compliance Officer, Robert Carlyon, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. Registrant and its representatives may refer clients to Deutsche Bank Trust Company Americas, a bank ("DBTCA"), Deutsche Bank National Trust Company, a trust company ("DBNTC") and Deutsche Bank Trust Company, National Association, a trust company ("DBTCNA" and together with DBTCA and DBNTC, "*DB Private Bank*") and/or BlackRock, Inc. ("*BlackRock*") to evaluate the possibility of opening investment advisory, custody, and trust accounts, and entering into lending transactions, investing in mutual funds and private investment fund, and entering into other types of investment transactions where such would be consistent with those clients' needs and objectives. Registrant may receive from *DB Private Bank* and/or *BlackRock* a percentage of the gross revenues before taxes received by the banking division of *DB Private Bank* and/or *BlackRock* generated by the client. Registrant shall share in interest income from bank deposits, i.e., checking accounts savings accounts, certificates of deposit, money market accounts. In addition Registrant may receive custody fees, excluding any commissions or credits related to the execution of the transaction(s) for accounts opened with *DB Private Bank's* and/or *BlackRock's* custody department. Lastly, Registrant may share in revenue on all loans (excluding mortgages) and capital markets transactions to be agreed upon on a case by case basis.

Conflict of Interest: The recommendation by Registrant's representatives that a client chose *DB Private Bank* and/or *BlackRock* products or services presents a **conflict of interest**, as the receipt of commissions, interests, or revenues may provide an incentive to recommend services or products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products or services from the Registrant's representatives. Clients are reminded that they may purchase or select other products or services recommended by the Registrant through other, non-affiliated agents or entities.

The Registrant's Chief Compliance Officer, Robert Carlyon, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons." The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's

current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment advisory accounts be maintained at *Fidelity* and/or *Pershing*. Prior to engaging Registrant to provide investment advisory services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Fidelity* and/or *Pershing* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee 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 broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment advisory fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits. Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker–dealer/custodian, Registrant may receive from *Fidelity* and/or *Pershing* (or another broker–dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment–related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management–related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant’s clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* and/or *Pershing* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Fidelity* and/or *Pershing* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

The Registrant’s Chief Compliance Officer, Robert Carlyon remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. The Registrant does not receive referrals from broker–dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker–dealer). In such client directed arrangements the client will negotiate terms and arrangements for their account with that broker–dealer, and Registrant will not seek better execution services or prices from other broker–dealers or be able to "batch" the client’s transactions for execution through other broker–dealers with orders for other accounts managed by Registrant. As a result, 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.

Please Note: In the event that the client directs Registrant to effect securities transactions for the client’s accounts through a specific broker–dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

The Registrant's Chief Compliance Officer, Robert Carlyon, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that the Registrant provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals. In addition, Registrant contacts investment advisory clients at least annually to review previous services, recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives. All clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation.
- B. The Registrant may also conduct account reviews on an other-than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *Fidelity* and/or *Pershing*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Fidelity* and/or *Pershing*. Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* and/or *Pershing* as a result of this arrangement.

There is no corresponding commitment made by the Registrant to *Fidelity* and/or *Pershing* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

- B. Registrant and its representatives may refer clients to *DB Private Bank* and/or *BlackRock* to evaluate the possibility of opening investment advisory, custody, and trust accounts, and entering into lending transactions, investing in mutual funds and private investment fund, and entering into other types of investment transactions where such would be consistent with those clients' needs and objectives. Registrant may receive from *DB Private Bank* and/or *BlackRock* a percentage of the gross revenues before taxes received by the banking division of *DB Private Bank* and/or *BlackRock* generated by the client. Registrant shall share in interest income from bank deposits, i.e., checking accounts savings accounts, certificates of deposit, money market accounts. In addition Registrant may receive custody fees, excluding any commissions or credits related to the execution of the transaction(s) for accounts opened with *DB Private Bank's* and/or *BlackRock's* custody department. Lastly, Registrant may share in revenue on all loans (excluding mortgages) and capital markets transactions to be agreed upon on a case by case basis.

Conflict of Interest: The recommendation by Registrant's representatives that a client chose *DB Private Bank* and/or *BlackRock* products or services presents a **conflict of interest**, as the receipt of commissions, interests, or revenues may provide an incentive to recommend services or products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products or services from the Registrant's representatives. Clients are reminded that they may purchase or select other products or services recommended by the Registrant through other, non-affiliated agents or entities.

The Registrant's Chief Compliance Officer, Robert Carlyon, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment advisory fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

Item 15 Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

Item 16 Investment Discretion

The client may engage the Registrant to provide investment advisory services on a discretionary basis. Before the Registrant may assume discretionary authority over a client's account, the client is required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

Unless the client directs otherwise in writing, the Registrant is responsible for voting client proxies. Registrant delegates this responsibility to Institutional Shareholder Services, Inc., an independent company that provides institutional proxy voting and corporate governance solutions ("ISS"). ISS has established a policy for voting proxies and other corporate actions, which Registrant has adopted in whole. Registrant's Chief Compliance Officer is responsible for monitoring this process in an effort to ensure that votes are cast in a manner that is both timely and consistent with the clients' best interests. Clients may contact Registrant's Chief Compliance Officer for a copy of Registrant's proxy voting policies and procedures.

Please note: the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, Robert Carlyon, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.