

# Disclosure Brochure

July 10, 2013

## **Balliot Capital Advisors, LLC**

*a Registered Investment Adviser*

This brochure provides information about the qualifications and business practices of Balliot Capital Advisors, LLC (hereinafter “Balliot” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Balliot is an SEC registered investment adviser. Registration does not imply any level of skill or training.

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## **Item 2. Material Changes**

In this Item, Balliot is required to discuss any material changes that have been made to the brochure since the last annual amendment filed. As this brochure has been prepared in connection with the Firm's initial application for investment adviser registration, there are no material changes to disclose.

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## Item 4. Advisory Business

Ballot offers a variety of advisory services, which include financial planning and wealth management services. The firm's core business objective is to learn and understand clients' goals, concerns and risk tolerance, and to then propose and implement a mutually agreed upon, customized investment and wealth management strategy to address them. After a strategy has been implemented, it is Ballot's responsibility to then closely monitor its progress and report back regularly to the client. Prior to the rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Ballot setting forth the relevant terms and conditions of the advisory relationship (the "Agreement").

Ballot was formed in June 2013, and is owned by Interim Holdings, LLC. As this is Ballot's initial filing, it does not have any assets under management to report at this time.

While this brochure generally describes the business of Ballot, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm's employees, officers, partners, directors (or other persons occupying a similar status or performing similar functions), or any other person who provides investment advice on Ballot's behalf and is subject to the Firm's supervision or control.

### Financial Planning Services

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Ballot offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:

- Distribution and Income Planning
- Cash Flow Analysis
- Asset Allocation
- Retirement Planning
- Estate Planning
- Investment Consulting
- Charitable Giving
- Tax Minimization Strategies

While each of these services is available on a stand-alone basis, they may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (as described further below). In performing these services, Ballot is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

Ballot may recommend the services of itself, its *Supervised Persons* in their individual capacities as registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage Ballot to provide additional services. Clients are under no obligation to act upon any of the recommendations made by Ballot under a financial planning or consulting engagement or to engage the services of any such

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recommended professionals, including Ballot itself. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Ballot's previous recommendations and/or services.

## Wealth Management Services

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Ballot provides clients with wealth management services which generally include financial planning services as well as the discretionary or non-discretionary management of investment portfolios.

Ballot primarily allocates client assets among various independent investment managers ("*Independent Managers*") and fixed income. The Firm may also utilize unit investment trusts ("UITs"), mutual funds, exchange-traded funds ("ETFs"), and individual equity securities as necessary to meet a client's investment objectives. In addition, Ballot may recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds, private equity funds, etc.). Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios.

Clients may also engage Ballot to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Ballot directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Ballot tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. Ballot consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify Ballot if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Ballot determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## Use of Independent Managers

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As mentioned above, Ballot may select certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either Ballot or the client.

Ballot evaluates various information about each *Independent Manager* it chooses, which may include public disclosure documents, materials supplied by the *Independent Managers* themselves and/or other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Ballot also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Ballot provide services relative to the discretionary selection of the *Independent Managers*. The Firm monitors the performance of those accounts being managed by *Independent Managers* on an ongoing basis, and seeks to ensure the strategies and target allocations utilized remain aligned with its clients' investment objectives and overall best interests.

## Item 5. Fees and Compensation

Ballot offers its services on a fee basis, which may include fixed fees, as well as fees based upon assets under management. Additionally, certain of Ballot's *Supervised Persons*, in their individual capacities, may offer securities brokerage or insurance services under a separate commission arrangement.

### Financial Planning and Consulting Fees

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Ballot generally charges a negotiable fixed fee to provide clients with stand-alone financial planning and consulting services. These fees are largely determined by the scope and complexity of the agreed upon services.

The specific terms and fee structure are negotiated in advance and set forth in the *Agreement* with Ballot. Generally, Ballot requires one-half of the financial planning or consulting fee payable upon execution of the *Agreement* and the balance due at the time the financial plan is delivered or the underlying services are completed. If the client engages Ballot for additional investment advisory services, Ballot may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

### Wealth Management Fees

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Ballot provides wealth management services for an annual fee based on the amount of assets under the Firm's management. The fee varies between 75 and 175 basis points (0.75% – 1.75%), depending upon the size of a client's portfolio and the type of services rendered. The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Ballot on the last day of the previous billing period.

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For the initial term of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate.

### Fee Discretion

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Ballot, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and *pro bono* activities.

### Additional Fees and Expenses

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In addition to the advisory fees paid to Ballot, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

### Fee Debit

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Clients generally provide Ballot with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Ballot. Alternatively, clients may elect to have Ballot send them an invoice for direct payment.

### Account Additions and Withdrawals

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Clients may make additions to and withdrawals from their account at any time, subject to Ballot's right to terminate an account and subject to the usual and customary securities settlement procedures. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. If assets in excess of 10% of the existing portfolio value are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the change in portfolio value.

Ballot designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Ballot may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated,

they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

### **Commissions or Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with Ballot (but not Ballot) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Ballot.

Under this arrangement, the Firm's *Supervised Persons*, in their individual capacities as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), may provide securities brokerage services and implement securities transactions under a separate commission based arrangement. *Supervised Persons* may be entitled to a portion of the brokerage commissions paid to PKS, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Prior to effecting any transactions, clients are required to enter into a separate account agreement with PKS. Ballot does not receive any portion of the commissions or transactional fees charged by PKS.

A conflict of interest exists to the extent that Ballot recommends the purchase of securities where Ballot's *Supervised Persons* receive commissions or other additional compensation as a result of Ballot's recommendations. Ballot has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act ("ERISA") and such others that Ballot, in its sole discretion, deems appropriate, Ballot may provide its investment advisory services on a fee-offset basis. In this scenario, Ballot may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by Ballot's *Supervised Persons* in their individual capacities as registered representatives of PKS.

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

Ballot does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

Ballot provides its services primarily to individuals, trusts, estates, charitable organizations, corporations and other business entities.

### **Minimum Portfolio Size**

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As a condition for starting and maintaining a wealth management relationship, Ballot generally imposes a minimum portfolio size of \$1,000,000.

The Firm, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationships, account retention and *pro bono* activities. Ballot only accepts clients with less than the minimum portfolio size if, in the sole opinion of the Firm, the smaller portfolio size will not result in a substantial increase of investment risk beyond the client's identified risk tolerance. Ballot may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Ballot. In such instances, Ballot may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

#### **Investment Strategies and Methods of Analysis**

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Ballot utilizes various methods of analysis to analyze investments for clients including, but not limited to, Modern Portfolio Theory ("MPT").

MPT is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nonetheless, Ballot's investment process is structured in such a way to integrate those assumptions and real life considerations for which MPT analytics do not account.

As stated above, Ballot primarily allocates client assets among various independent *Independent Managers* and fixed income. The Firm may also utilize UITs, mutual funds, ETFs and individual equity securities as necessary to meet a client's investment objectives. In addition, Ballot may recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds, private equity funds, etc.). Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios

#### **Risks of Loss**

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##### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

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## *Market Risks*

The profitability of a portion of Ballot's recommendations may depend to a great extent upon correctly assessing the future course of price movements of bonds and other securities. There can be no assurance that Ballot will be able to predict those price movements accurately.

## *Use of Independent Managers*

As stated above, Ballot may recommend the use of *Independent Managers*. In these situations, Ballot continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers'* ability to successfully implement their own investment strategies. In addition, Ballot generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

## *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## *Use of Private Collective Investment Vehicles*

Ballot may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called “hedge funds”). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. The client will receive a private placement memorandum and/or other documents explaining such risks.

## **Item 9. Disciplinary Information**

Ballot has not been involved in any legal or disciplinary events that are material to a client’s evaluation of its advisory business or the integrity of its management.

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

### **Registered Representatives of Broker Dealer**

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Certain of the Firm’s *Supervised Persons* are registered representatives of *PKS* and may provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5.

### **Receipt of Insurance Commission**

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Certain of Ballot’s *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. A conflict of interest exists to the extent that Ballot recommends the purchase of insurance products where the Firm’s *Supervised Persons* receive insurance commissions or other additional compensation.

## **Item 11. Code of Ethics**

Ballot has adopted a code of ethics in compliance with applicable securities laws (“*Code of Ethics*”) that sets forth the standards of conduct expected of its *Supervised Persons*. Ballot’s *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its *Supervised Persons*, and the trading of securities ahead of clients in order to take advantage of pending orders.

The *Code of Ethics* also requires certain of Ballot’s personnel (called “*Access Persons*”) to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial

public offerings, limited offerings). However, Ballot *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client where there may be a potential for conflict, no *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Ballot to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

Ballot generally recommends that clients utilize the brokerage and clearing services of Schwab Advisor Services™ ("*Schwab*") for wealth management accounts.

Factors which Ballot considers in recommending *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab* enables Ballot to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. In addition, *Schwab* has agreed to compensate clients for any transfer fees that may be assessed for moving their account(s) to *Schwab*. The commissions and/or transaction fees charged by *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Ballot's clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Ballot determines that the commissions are 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 *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Ballot seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Ballot periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

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

Transactions for each client generally will be effected independently, unless Ballot decides to purchase or sell the same securities for several clients at approximately the same time. Ballot may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Ballot's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Ballot's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Ballot determines to aggregate client orders for the purchase or sale of securities, including securities in which Ballot's *Supervised Persons* may invest, the Firm generally does so in accordance with applicable rules promulgated under the Investment Advisers Act of 1940 and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Ballot does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated

to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Ballot may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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 Ballot in its investment decision-making process. Such research generally will be used to service all of the Firm'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 because Ballot does not have to produce or pay for the products or services.

### **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of *PKS*. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *PKS* provides written consent. Therefore, clients are advised that certain *Supervised Persons* may be restricted to conducting securities transactions through *PKS* if they have not secured written consent from *PKS* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *PKS*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *PKS* under *PKS* internal supervisory policies. Ballot is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

### **Software and Support Provided by Financial Institutions**

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Ballot may receive from *Schwab*, without cost to Ballot, computer software and related systems support, which allow Ballot to better monitor client accounts maintained at *Schwab*. Ballot may receive the software and related support without cost because Ballot renders investment management services to clients that maintain assets at *Schwab*. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit Ballot, but not its clients directly. In fulfilling its duties to its clients, Ballot endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Ballot's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Ballot's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

Additionally, Ballot has been afforded transition support from *Schwab* in order to initiate business as an independent, SEC-registered investment adviser. Ballot may also receive the following benefits from *Schwab* through its institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the *Schwab* institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### Item 13. Review of Accounts

#### Account Reviews

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For those clients to whom Ballot provides wealth management services, Ballot monitors those portfolios as part of an ongoing process to better position the client towards meeting their financial goals. Regular, account reviews of wealth management client portfolios are conducted on a quarterly basis by one of the Firm's investment adviser representatives. For those clients to whom Ballot provides stand alone financial planning and/or consulting services, account reviews are conducted on an "as needed" basis.

It is part of the Firm's process to directly contact all investment advisory clients on a monthly basis and to evaluate both personal and market/economic developments that may impact their long term goals and investment objectives. All clients are encouraged to attend a bi-annual, in-person meeting with an investment adviser representative of the Firm to continue the ongoing discussion of their needs, goals and objectives and to keep Ballot informed of any changes thereto.

#### Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Ballot and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from Ballot or an outside service provider.

### Item 14. Client Referrals and Other Compensation

#### Client Referrals

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Ballot is required to disclose any direct or indirect compensation that it provides for client referrals. Ballot does not have any required disclosures to this Item.

## Other Economic Benefits

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In addition, Ballot is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

## Item 15. Custody

Ballot's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Ballot through such *Financial Institution* to debit the client's account for the amount of Ballot's fee and to directly remit that management fee to Ballot in accordance with applicable custody rules.

The *Financial Institutions* recommended by Ballot have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Ballot. In addition, as discussed in Item 13, Ballot may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Ballot.

## Item 16. Investment Discretion

Ballot may be given the authority to exercise discretion on behalf of clients. Ballot is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Ballot is given this authority through a power-of-attorney included in the agreement between Ballot and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Ballot takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

## Item 17. Voting Client Securities

Ballot is required to disclose if it accepts authority to vote client securities. Ballot does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

## Item 18. Financial Information

Ballot is not required to disclose any financial information pursuant to this Item due to the following:

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- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## Ballot Capital Advisors, LLC

Prepared by:

