

**Item 1 – Cover Page**

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This brochure provides information about the qualifications and business practices of Redstone Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (316) 687-2143. 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 Redstone Advisors, Inc. is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

**Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which requires changes to the disclosure documents that investment advisors provide to clients as required by SEC Rules. This Brochure dated March 2014, is prepared according to the SEC’s requirements and rules.

Since our last annual brochure, dated March 2013, there have been no material changes to this brochure.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We will also provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure, as necessary, based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Marc A. Vincent, Chief Compliance Officer, at (316) 687-2143 or [mvincent@redstoneadv.com](mailto:mvincent@redstoneadv.com). Our Brochure is also available on our web site, [www.redstoneadv.com](http://www.redstoneadv.com), free of charge.

Additional information about Redstone Advisors, Inc. is available via the SEC’s web site, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Redstone Advisors, Inc. who are registered, or are required to be registered, as investment adviser representatives of Redstone Advisors, Inc.

**Item 3 – Table of Contents**

Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation.....	4
Item 6 – Performance-Based Fees and Side-by-Side Management.....	5
Item 7 – Types of Clients.....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9 – Disciplinary Information.....	7
Item 10 – Other Financial Industry Activities and Affiliations.....	7
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	9
Item 12 – Brokerage Practices.....	10
Item 13 – Review of Accounts.....	11
Item 14 – Client Referrals and Other Compensation .....	12
Item 15 – Custody .....	12
Item 16 – Investment Discretion .....	12
Item 17 – Voting Client Securities .....	13
Item 18 – Financial Information .....	14
Item 19 – Requirements for State-Registered Advisers .....	14

**Item 4 – Advisory Business**

Redstone Advisors, Inc., established in 1991, provides a highly personalized approach to investment management.

We are owned by active persons of the firm. The principal owner is Marc A. Vincent.

We are an independent investment advisory firm specializing in fixed income management services for both institutions (retirement plans, endowments and foundations, union plans) and high net worth individuals (primarily municipal bond and government portfolios).

Redstone Advisors, Inc. manages client portfolios on a separate account basis, and as such we are able to consider each client's unique tax and investment requirements. Clients are able to impose restrictions on investing in certain securities or types of securities, which are outlined in the Investment Policy Guidelines document that is agreed upon at the time of signing our contract.

Redstone Advisors does not currently participate in wrap fee programs.

As of December 31, 2013, Redstone Advisors managed a total of \$401,247,498 in assets on a discretionary basis.

**Item 5 – Fees and Compensation**

As a manager of large pools of capital from individuals, corporations, retirement plans, and charitable organizations, we enter into a management contract with each client detailing investments parameters, account objectives, and fees to be paid. Fees may be subject to negotiation. The annual fees charged for our services are a percentage of the market value of assets under management based on the following schedule:

0.45% on the first \$10,000,000  
0.30% on the balance

If a client elects to have its fees deducted directly from its account, it must provide written instructions to the Custodian, and the Custodian will require us to send our fee statement to the client and the Custodian simultaneously. The client may elect to not have its fees deducted from its account if it chooses to do so, in which event we will mail the client an invoice. Fees will be calculated on the last business day of each quarter. The client will pay its fees quarterly, unless the client elects to pay a flat fee, which may be paid monthly or quarterly.

Clients may be responsible for paying transaction costs related to certain security types. Clients will incur brokerage and other transaction costs. Please refer to Item 12 of this Brochure for further information pertaining to brokerage practices.

Our clients are not required to pay fees in advance.

None of our supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Redstone Advisors, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

Redstone Advisors, Inc. provides investment advice to individuals, trusts, corporations, retirement plans and charitable organizations.

As a general guideline, we require a minimum of \$1,000,000 in securities assets to establish an advisory relationship.

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

We believe that macroeconomic conditions have the greatest influence on long-term investment results. As these conditions change over time, Redstone Advisors believes that investment portfolios must also change to take advantage of opportune investment environments and avoid negative investment climates. We employ a top-down approach by conducting a broad analysis of the economy first, then identifying specific sectors in which to invest within the fixed income markets. Portfolios are constructed to take advantage of expected economic and market conditions.

Our primary investment strategy is to shorten or lengthen the average maturity (duration) of portfolios on the basis of our projections. Avoidance of bear markets (periods of rising interest rates) is a prime strategy consideration.

Our goal is to anticipate secular (long term) changes in the level of interest rates, and position portfolios accordingly. The decision to buy, sell or hold fixed income securities represents an implicit assumption as to the future level of interest rates. We will move a client's funds from an invested position to cash equivalents during secular periods of rising interest rates.

Clients should know that investing in securities involves the risk of losing capital, and we do not make any guarantees.

We invest primarily in fixed income securities. The main risks involved with investing in fixed income securities include the following:

**Interest Rate Risk:** In general, as interest rates rise, the price of a bond will fall, and vice versa.

**Credit Risk:** Credit risk is the risk that the issuer will default on its obligation to repay the bond investor.

**Prepayment Risk:** The risk that principal repayment will occur earlier than scheduled, forcing the investor to receive principal sooner than anticipated and reinvest at lower rates.

**Item 9 – Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of Redstone Advisors, Inc. or the integrity of Redstone Advisors, Inc.'s management. Redstone Advisors, Inc. has no information to report under this Item.

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

None of our employees are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

None of our employees are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of any of the foregoing entities.

We may receive client referrals from brokers, financial consultants, and other persons or entities, pursuant to written referral agreements which comply with the requirements set forth in the Investment Advisers Act, and which require that those persons provide the potential client with a copy of our Brochure and disclose the existence and terms of the referral agreement. They may be compensated for their services from a portion of the advisory fee paid by the client to us.

We receive client referrals from Charles Schwab & Co., Inc. ("Schwab") through our participation in the Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of, and unaffiliated with, Redstone Advisors. Schwab does not supervise us and has no responsibility for our management of clients' portfolios or our other advice or services. We pay Schwab fees to receive client referrals through the Service. Our participation in the Service may raise potential conflicts of interest described below.

Our firm pays Schwab Participation Fees on all referred clients' accounts that are maintained in custody at Schwab, and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. Participation Fees are a percentage of the value of the assets in the client's account. We pay Schwab Participation Fees for so long as the referred client's account remains in custody at Schwab. Participation Fees are billed to us on a quarterly basis and may be increased, decreased or waived by Schwab from time to time. Participation Fees are paid by us and not the client. We do not charge clients referred through the Service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service.

In certain instances, we may pay Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees we generally would pay in a single year. Thus, we will have an incentive to recommend that client accounts be held in custody at Schwab. We currently do not have any clients participating in Non-Schwab Custody Fees.

The Participation Fees and Non-Schwab Custody Fees are based on the amount of assets in accounts of our clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, we will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts at Schwab.

For any of our accounts maintained in custody at Schwab, Schwab generally does not charge the client separately for custody but receives compensation from the client in the form of commissions or other transaction-related compensation. The client is charged a fee for clearance and settlement of trades executed through external broker-dealers.

Schwab's fees for trades executed at other broker-dealers are in addition to the executing broker-dealer's fees. These fees are paid by the client.

We do not recommend or select other investment advisers for our clients.



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

Our Code of Ethics governs the conduct of our company and its personnel. It is based on the principal that all employees of Redstone Advisors, Inc. and certain other persons have a fiduciary duty to place the interests of clients ahead of their own. The Code is comprised of a number of policies and procedures designed to educate our employees with respect to the terms of the Code and general obligations to our clients, provide for regular reporting of information by our employees and the review of the same by management. The Code applies to all employees, directors and officers of Redstone Advisors who (i) have access to non-public information regarding client purchases or sales of securities, (ii) are involved in making securities recommendations to clients, (iii) have access to non-public recommendations or the portfolio holdings of any reportable fund, and (iv) all of Redstone Advisors' directors, officers and portfolio management personnel.

A copy of the Code will be made available upon written request directed to our Chief Compliance Officer (CCO), Marc A. Vincent.

When an employee recommends that a security be bought or sold for a client account, such employee must disclose the recommended transaction to the CCO if a position in that security is then held in the employee's proprietary account. The CCO may restrict such employee from buying or selling the position from any proprietary account until a specified period of time after the orders for client accounts have been filled and there is no buying or selling program in process.

Our employees must give first priority to all purchases and sales of securities to our clients, prior to the execution of transactions for their own accounts. All personal trading by our employees must not conflict with the interest of a client. We reserve the right to require our employees to reverse, cancel or freeze any transaction or position in a specific security if we believe the transaction or position violates our policies.

**Item 12 – Brokerage Practices**

We have a fiduciary duty to our clients to achieve best execution in placing trades with brokers and dealers. In deciding what constitutes best execution, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. In making this determination, our policy is to consider the full range of the broker's services, including, without limitation, the value of research services provided, execution capabilities, commission rates, financial responsibility, administrative resources, and responsiveness.

**1. Research and Other Soft Dollar Benefits**

a. The products and services that may be obtained fall into the following areas:

- Fundamental economic research
- Market quotation systems
- Portfolio analysis systems

If we receive these services, we receive a benefit because we do not have to produce or pay for the research, products or services.

b. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than the client's interest in receiving the lowest execution price. It will always be our intent to execute transactions as efficiently as possible, with brokers and dealers of unquestionable reputation.

c. We may occasionally pay brokerage commissions or net execution prices in excess of those which another broker might have charged for effecting the same transactions, in recognition of the value of a brokerage execution or research services provided by the servicing broker.

d. Not all of such services may be used by us in connection with the accounts which paid the commissions to the broker providing such services.

e. During 2013, we did not receive any such products and services.

f. We did not receive soft dollar benefits in 2013.

## **2. Brokerage for Client Referrals**

We do not select or recommend broker-dealers or third parties based upon receiving client referrals.

## **3. Directed Brokerage**

We do not routinely recommend, request, or require that clients direct us to execute transactions through a specified broker-dealer.

We may aggregate the orders of two or more clients into a single order if we determine that the order is (i) in the best interest of each participating client, (ii) consistent with our duty to obtain best execution, and (iii) consistent with the terms of our agreement with each participating client. Any investment by a client shall not be dependent upon the willingness or ability of another client to participate in the transaction, and separate documentation relating to the transaction shall be generated and maintained for each client participating in the single transaction. The price of the securities purchased or sold in an aggregated transaction shall be the average price for all transactions of our clients in that security on a given day and all transaction costs will be shared on a pro rata basis.

### **Item 13 – Review of Accounts**

All investment accounts will be reviewed at least twice per month, or more frequently as economic or market conditions would dictate. Routine reviews are performed by the principals of our firm as a group to insure that each client's objectives are being properly met. The principals of our firm include our Managing Directors, Senior Portfolio Manager, and Portfolio Manager.

Each account will be reviewed more frequently if material changes occur regarding the assets held in any particular account, any credit considerations regarding those assets, or significant changes regarding the personal financial circumstance of a client.

Written reports are furnished to our clients on a quarterly basis. These reports generally include a statement of assets, an evaluation of current and expected economic and market conditions, and a performance summary, where appropriate. This report frequency and the information included can be altered to meet each client's specific needs or desires. We attempt to meet personally with clients on a schedule agreed upon with the client.

**Item 14 – Client Referrals and Other Compensation**

We may receive client referrals from brokers, financial consultants, and other persons or entities, pursuant to written referral agreements which comply with the requirements set forth in Rule 204 (4) – 3 under the Investment Advisers Act, and which require that those persons provide the potential client with a copy of our Brochure and disclose the existence and terms of the referral agreement. They may be compensated for their services from a portion of the advisory fee paid by the client to us.

**Item 15 – Custody**

We will arrange for the client's qualified custodian to send quarterly account statements, containing at least the information required by the applicable SEC rules, directly to the client (and not through an adviser). We will instruct the client to request that a copy of the quarterly account statements also be sent to us. Clients will also receive quarterly reports from us. All clients are encouraged to carefully review and compare both statements.

**Item 16 – Investment Discretion**

Our firm accepts discretionary authority to manage securities accounts on behalf of clients. For those accounts which we have full discretion for investment management services, a contract is executed detailing the investment authority, investment vehicles to be utilized, account objectives, and any limitations on the types and amounts of securities to be bought and sold.

**Item 17 – Voting Client Securities**

We have adopted Proxy Voting Policies and Procedures for voting proxies received for accounts managed by us in instances where (1) the underlying advisory agreement provides that we should be responsible to vote proxies, (2) the underlying advisory agreement is silent on the subject and we have discretionary authority over investment decisions for the client's account, and (3) in the case of an employee benefit plan, the client has not reserved the power to vote proxies in either the underlying advisory agreement or in the client's plan documents.

In the absence of specific voting guidelines from a client, we will vote proxies in a manner that we believe is in the best interest of the client, considering factors that relate to the client's investment or are dictated by the client, including how a vote will economically impact and affect the value of the client's investment.

On items where no corporate governance issues are implicated or a conflict of interest exists where no specific policy applies, we will generally vote for the election of directors, selection of independent auditors, increases in or reclassification of common stock, recommendations adding or amending indemnification provisions in the charter or bylaws, changes in the board of directors, outside director compensation, proposals that maintain or strengthen the shared interests of shareholders and management, proposals that increase shareholder value, proposals that will maintain or increase shareholder influence over the issuer's board of directors and management, and proposals that maintain or increase the rights of shareholders. On non-routine and conflict of interest items, we will generally vote for management proposals for merger or reorganization if the transaction appears to offer fair value, against shareholder resolutions that consider non-financial impacts of mergers and against anti-greenmail provisions.

If a proxy includes routine items that implicate corporate governance changes, non-routine items where no specific policy applies or a conflict of interest item, or no specific policy applies, we may engage an independent third party to determine how the proxy should be voted. In voting on each issue, we will vote in a prudent and timely fashion and only after a careful evaluation of the issue or issues presented on the ballot. In exercising this voting discretion, we will avoid any direct or indirect conflict of interest raised by such voting decision. If any substantive aspect or foreseeable result of the subject matter to be voted upon raises an actual or potential conflict of interest to us or any of our affiliates, we will provide adequate disclosure to the client.

The conflict notice will either request the client's consent to our vote recommendation, or may request the client to vote the proxy directly or through another designee of the client. If the client is unreachable or has not affirmatively responded before the response deadline for the matter to be voted upon, we may either engage a non-interested party to independently review our vote recommendation to confirm that its vote recommendation is in the best interest of the client under the circumstances, cast its vote as recommended if the vote recommendations fall against our interest and such vote recommendation is in the best interest of the client under the circumstances, or abstain from voting if such action is determined by our firm to be in the best interest of the client under the circumstances.

In accordance with SEC Rule 204-2(c)(2), we will maintain clients' files or otherwise have available, copies of all proxy statements received, records of votes cast, records memorializing the basis for each vote cast, copies of documents created by our firm or employees of our firm that were material in making a decision on how to vote a proxy, and a copy of each conflict notice and related communications.

Clients may obtain a copy of our proxy voting policies and procedures upon request.

#### **Item 18 – Financial Information**

We do not require prepayment of more than \$1,200 in fees per client, six months or more in advance.

Our firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

We have never been the subject of a bankruptcy petition.

#### **Item 19 – Requirements for State-Registered Advisers**

This section is not applicable to us because we are registered with the Securities and Exchange Commission, rather than the state.