

Item 1 – Cover Page



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March 6, 2014

This ADV Part 2, our Disclosure Brochure, provides information about Highland's qualifications and business practices as required by the Investment Advisers Act of 1940.

If you have any questions about the contents of this Brochure, please contact Jeff Edgbert, Chief Compliance Officer at 425-739-6500 or via email at jeff@highlandprivate.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 Regulatory Authority.

We are a registered investment adviser with the Securities and Exchange Commission. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisers) which are factors in your decision to hire us.

Additional information about our firm and our employees is available to you through the Securities and Exchange Commission's "public disclosure" website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This brochure, dated March 6, 2014 contains one material change when compared to our prior filing dated August 2013. The only material change in this Brochure is:

- The addition of a new Part 2 B Brochure Supplement for Carolyn Pile, Portfolio Manager

Please contact your relationship manager or our CCO should you have any questions on the contents of this brochure.

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Item 4 – Advisory Business

Overview of the Firm and Principal Owners

Highland Private Wealth Management, LLC was established and initially registered as an investment adviser in May of 1999. John C. Christianson, Highland's sole shareholder and managing member, serves as President and CEO. Our office is located in Bellevue, Washington.

Services Offered / Provided

We provide private wealth management services to primarily West Coast-based high net worth and ultra-high net worth individuals and families. We have a written advisory agreement with each client who receive our services. This agreement describes the services we provide, any limitations or restrictions, and the fees you pay us for our services. In general, our services include:

1. Financial Planning
2. Portfolio Management
3. Limited Scope Consulting Services
4. Comprehensive Private Wealth Management Services

1. Financial Planning

A key aspect of our advisory role is developing a clear understanding of your financial picture, where gaps exist, and the possible pathways and solutions that will enable you to achieve your desired outcomes. This complete financial review takes into account not only your opportunities but also the barriers that stand in your way. We have checklists and other discovery materials that assist us in compiling the critical information we will need to fully understand your specific circumstances.

Our observations, analysis, and recommendations, which we usually provide to you in written format, are designed to cover a broad array of wealth management issues and can be tailored to your specific needs. The types of issues we consider can include:

- Goals planning
- Investment strategy
- Estate and tax planning
- Financial independence
- Risk planning
- Cash flow and budgeting
- Asset allocation

- Asset concentration and protection
- Education planning
- Debt management
- Philanthropy

We seek to build collaborative relationships with all of your other professional advisers (e.g. insurance agents, accountants, and attorneys) in the development and execution of your financial plan. ***Please note: Although our advice covers a broad range of topics, Highland does not provide legal or tax advice. We recommend (and encourage you) to seek out your own attorney or tax professional to receive this specific advice and guidance.***

2. Portfolio Management

We construct and manage portfolios for each client, based upon their individual needs, risk tolerance, return expectations, cash flow, liquidity requirements, and time horizon. We document these parameters for each client in an Investment Policy Statement, which takes into consideration their goals, asset allocation, portfolio strategy and specific circumstances.

Our asset management approach allows you to make certain restrictions or limitations on the portfolio, such as excluding or limiting exposure to a specific security, industry or sector. We require that you agree with any investment restriction, and document it in writing.

In managing your assets, we are acting in a fiduciary capacity, which means that we place your interests before our own. We can only make decisions that are consistent with your stated goals and objectives. Acting in a fiduciary capacity assumes a higher level of responsibility than suitability only.

Our portfolio strategy is executed on a discretionary basis (see Item 8). Alternative investments may be recommended as part of our services in special circumstances, for which written and/or verbal consent is required.

Portfolio management services may include the following:

- Passive/index oriented exposures
- Actively managed mutual funds, third party money managers, and special situations
- Illiquid alternative investments (hedge funds, private equity partnerships, real estate partnerships, and funds of funds)

The use of third party money managers, partnerships, and pooled investments typically requires a separate agreement or subscription documents between you and the third party manager. We do not invest directly in these securities with our investment discretionary authority.

3. Limited Scope Consulting Services

On occasion, we receive requests for limited scope consulting services for a specific purpose. Each project is unique and can encompass financial planning, portfolio management, business advisory services, or other topics according to the request.

4. Comprehensive Private Wealth Management Services

Highland's comprehensive suite of private wealth management services includes:

- Financial Planning
- Discretionary private wealth (portfolio) management

We summarize our comprehensive private wealth management services this way:

Success is a journey, not a destination. Over time, priorities can change and new challenges may arise...and we will be there with you. We will provide guidance and direction as you manage wealth's complex web of decisions and trade-offs. We'll help you react to change and create a new plan of action, providing you with a sense of ease, knowing that your finances are once again under control.

We may utilize the following items in conjunction with our limited scope consulting and/or comprehensive private wealth management services:

- **Wealth Clarity Diagnostic:** This is a ten-question survey that seeks to determine how well a client's current method of handling their finances matches their situation and needs.
- **Risk Sensitivity Profile:** This tool, which employs a series of quantitative and qualitative measures to assess a client's sensitivity to various market and investment risks, is a critical component of determining investment suitability. We utilize this with every client who uses our comprehensive private wealth management services.
- **Ideal Outcomes:** This is a questionnaire that we developed to inspire candid conversations with clients about the outcomes they want with their life and resources. It seeks to clarify and document personal, professional, and financial goals.
- **Gap Analysis:** This is a personalized review and assessment of a client's present financial circumstances, related to a specific goal or series of outcomes. It illustrates how various scenarios can influence a client's financial independence, and bring clarity to decisions that a client may face.

- Other Consulting (as we may mutually agree), such as:
 - Administrative consulting
 - Advice on asset allocation
 - Periodic, limited investment oversight and advice on specific assets
 - Creation and maintenance of a personal / family balance sheet; or,
 - Periodic reporting on assets we manually input into our portfolio accounting software. These may include:
 - Non-discretionary accounts or assets; or
 - Unsupervised assets which are included in your reports so you can see and track them; they may not be regularly priced or included for calculation of performance or fees.

Assets under Management, as of December 31, 2013

Type	AUM in US Dollars
Discretionary Assets	\$369,286,000.00
Non-Discretionary Assets ¹	\$26,039,000.00
Total AUM	\$395,325,000.00

¹ Although we only manage assets on a discretionary basis, the assets shown above as non-discretionary are those for which we provide oversight and reporting (monitored assets) for a reduced fee or no fee.

Item 5 – Fees and Compensation

Fees for private wealth management and limited scope consulting services are unique to each client and subject to negotiation. We believe that they should not be one-size-fits-all, instead reflecting the complexity of your circumstances as well as the composition of your assets. Our compensation should reflect the depth of service and value provided to you.

We generally structure our fees as either a flat annual retainer or as a percentage of assets under management, and document them in the advisory agreement. Annual retainers typically start at \$25,000, and AUM-based fees typically start at 1% per year of managed assets.

We bill our fees quarterly, in advance. At inception, fees for partial periods will be prorated from the date of the agreement through the end of the calendar quarter, based on initial asset values where applicable. For agreements that are terminated during the quarter, we will promptly refund the unearned portion of that quarter's prepaid advisory fee. At termination, we may mutually agree to perform certain actions or transactions which are needed to accomplish an orderly transition away from Highland.

Fee Calculation: For fees based upon portfolio, account or asset valuations, we value liquid securities in the accounts we manage at the closing price, on the valuation date, as reported by your custodian at the end of each calendar quarter.

We value illiquid securities using one of the following methodologies:

- At the current market value (if valuation is provided by the manager);
- At the "invested amount" (if not regularly traded; as a result, a liquid market price from an independent third party is not available);
- At a mutually-agreed value (for client balance sheet purposes or reporting only assets).

Valuations of illiquid securities may be materially different than the values you would realize upon liquidation.

Fee Payment: Subject to your written authorization in the advisory agreement, we will request fee payment directly from your broker / custodian (see Item 10). We will also provide you with a detailed billing statement which shows your actual fee charged, as well as the asset value upon which the fee is based, if applicable.

Your billing statement may include illiquid assets not held at your broker / custodian (such as private hedge funds, private equity or real estate partnerships) for which periodic valuations

are delayed or not regularly provided. As a result, there may be a difference in the value we use for billing purposes and the statements that you receive directly from your broker / custodian.

General Information on Advisory Services and Fees

- Our services are available to family members and friends of our employees at no fee or at fee schedules which are not available to our non-family / friend clients.
- Official record of your account(s): Your third party, qualified custodian (e.g. bank, broker, trust company, insurance company, mutual fund complex) is the “official” record keeper of your account data and information, including market value, cost basis, and capital gains and losses. As a result, although we try to manage tax lots in taxable portfolios for long-term gains or losses, the official record keeper is your custodian. Please contact your relationship manager to discuss tax lot management if you have questions on tax lot management and how that compares with your custodian.
- Additional fees or expenses: Your portfolio may incur other fees and expenses in addition to those you pay Highland for wealth management services. These fees are separate from, and in addition to Highland’s fees. They may include trade commissions, custodial or transaction fees, and third-party manager fees, and are paid directly to the custodians, brokers and third-party managers as disclosed to you by account agreements, trade confirmations, and prospectuses.

Other Items in this Brochure provide additional information and disclosure related to other costs you may incur. Please see Item 12.

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in client accounts (“performance-based fees”). Our advisory fee compensation is charged only as disclosed above (Item 5).

Note: Certain third party money managers or private funds that we recommend you invest in may charge you a “performance” or “incentive” fee based upon the assets that you invest with them, subject to your qualification as a “qualified client.” **Highland does not participate, directly or indirectly, in any performance or incentive fee charged by any third party money manager or private fund to which we introduce our clients.**

Item 7 – Types of Clients

We provide our services to the following types of clients:

- Individuals and families
- Retirement and education accounts (IRA, 401k, 529 plans)
- Private entities owned by our individual clients (e.g. partnerships, LLCs)
- Trusts and private foundations

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

Methods of Analysis

Highland's investment committee is responsible for all decision making regarding investment philosophy, strategy, and portfolio construction. We formulate our investment advice by assessing portfolios and securities through Strategic, Tactical, Fundamental, Technical and Thematic analyses. We utilize these methods in the context of constructing our overall investment strategy and specific portfolio management decisions. Each term is defined below:

Strategic: A method of evaluating a portfolio and/or its asset allocation using mid- to long-term projections (typically 3 – 5 years) of investment performance, asset class weightings, and domestic and global economics, which helps determine overall portfolio strategy and asset allocation for a longer time frame.

Tactical: A method of evaluating a portfolio and/or its asset allocation using shorter-term projections (typically 3 – 6 months) of investment performance, asset class weightings, and domestic and global economics and events, which may suggest near-term underweighting and overweighting relative to strategic portfolio asset allocation targets.

Fundamental: A method of evaluating securities that attempts to measure intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect a security's value, including macroeconomic factors (like the overall economy and industry conditions) and company-specific factors (like financial condition and management).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with a security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell).

Technical: A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

Thematic: A method to keep track of “big picture” investment-related subjects which may cause us to adjust asset allocation targets and/or exposure to specific investments.

Sources of Information

We use a variety of resources to research and formulate investment advice, including:

- Software / screening systems
- Presentations / conferences
- Periodicals (books, websites, magazines)
- Network of industry contacts
- Document filings with the Securities and Exchange Commission
- Due diligence reviews of private securities, funds or products and third party money managers by Highland’s investment committee

In addition to the above, we have entered into an agreement with Galway Investment Strategy to assist us with strategic asset allocation, manager research and selection, and investment committee governance and process. More information about Galway is available online at (www.galwayinvestmentstrategy.com).

Investment Strategies

The core philosophy of our investment strategy is wealth preservation and diversification. This is implemented through a combination of historical asset class performance data analysis and forward looking qualitative analysis. Once the asset allocation decision has been made, we employ passive (index) strategies, active management, and alternative assets to create the best risk and return profile, based on your unique goals and objectives and portfolio constraints.

We generally categorize client portfolios into one of the following profiles:

- | | |
|---------------------|-----------------------|
| ▪ High Volatility | ▪ Balanced Income |
| ▪ Aggressive Growth | ▪ Income-Oriented |
| ▪ Growth-Oriented | ▪ Conservative |
| ▪ Balanced Growth | ▪ Wealth Preservation |
| ▪ Balanced | ▪ Liquidity |

We allocate investment funds across these asset classes:

- Traditional:
 - Cash
 - Fixed Income
 - Domestic equities
 - Foreign equities
- Non-traditional (liquid and/or illiquid):
 - Real Estate
 - Natural Resources / Commodities
 - Hedge Funds
 - Private Equity (where appropriate)

We typically take a long-term view on investing your assets. This includes purchases that are held for one full year or more. At times, we may also invest your assets in the following manner:

- Short-term purchases: purchases that may be sold within one year
- Shorting: if market conditions warrant (very limited use)
- Covered options: a strategy for generating additional portfolio income using underlying securities positions
- Private funds or third party money managers: based upon our initial assessment (investment and operational due diligence) and ongoing periodic review and assessment of the funds / managers, subject to client suitability and eligibility

Highland does not employ margin as an investment strategy, although clients may use margin for short-term borrowing purposes. Margin increases portfolio risk due to the borrowing of assets from your broker / custodian and ultimately will reduce your portfolio performance due to the interest payments to your broker / custodian for the margin loan.

Risk of Loss

Highland prides itself in working closely with clients to do the best job possible of aligning their risk tolerance with the specific investments we recommend. We also take the time to educate clients on the potential upside opportunities and downside risks of particular strategies and investments. That said, investing in securities through Highland (or any financial services professional) involves risk, including the potential for partial or entire loss of your investment. Unpredictable global economic and political events may influence securities markets and the value of your investment assets. Although we do our very best to meet your goals, objectives and risk tolerance, we do not directly or indirectly assure you of any level of performance or investment return or guarantee that we will be able to meet your objectives.

Item 9 – Disciplinary Information

As of the date of this Brochure, we do not have any items to disclose to you for Highland or any of our management persons (executive officer or person with a similar status or responsibility).

Item 10 – Other Financial Industry Activities and Affiliations

As of the date of this Brochure, we do not have any other financial industry activities or affiliations to disclose to you for Highland or our management persons.

Item 11 – Code of Ethics

Highland has adopted a Code of Ethics which applies to all persons in our firm. It describes our fiduciary duty to our clients, our standards of business conduct, and our policies on a wide range of topics including information privacy and security, electronic communications (including social media), giving and receiving gifts and gratuities, political contributions, and employee trading. All Highland personnel must acknowledge the terms of the Code annually, and adhere to it every day.

We follow our own advice. As a result, we permit our employees and their family members to invest in the same securities that we recommend to you. However, we may choose to own securities that we don't recommend to you, due to individual risk assessment, appropriateness for our employee or family account and/or lack of suitability for you. We may also recommend the purchase of securities for you that Highland and its employees would not purchase in its own accounts, for these same reasons.

Employees may choose to give Highland trading discretion over their personal accounts, in which case they are treated as client accounts, and traded with them. Otherwise, Highland employees may not place trades in their accounts until all client transactions have been completed for the day. Such employee trades must be pre-approved by our Chief Compliance Officer or their designee.

Policies and procedures within our Code, including the disclosure and ongoing monitoring of beneficial securities accounts in our employees' households, are designed to ensure that the trading activity of Highland staff does not conflict with our recommendations to you, our fiduciary duty or violate securities law. If you would like a copy of our Code, please contact our Chief Compliance Officer, Jeff Edgbert at 425-739-6500 or jeff@highlandprivate.com.

Item 12 – Brokerage Practices

For certain of our clients we have both investment and brokerage discretionary authority.

Brokerage Discretionary Authority

When you provide Highland with brokerage discretionary authority, we have your permission to place transactions in your accounts that we determine are suitable and appropriate for you. Our discretion allows us to determine what to trade, and where and when to trade it. Though we use it only occasionally, we primarily use our brokerage discretionary authority for individual fixed income security transactions and for large equity transactions (when we implement a broad change in our allocations or when we rebalance portfolios). *In general, we will use your custodian as the broker/dealer for trades in your accounts.*

Considerations related to the selection of a broker

We are mindful of our fiduciary obligation to seek to achieve “best execution” when selecting brokers to execute your transactions, based upon the specific facts and circumstances of each transaction (see also, “Recommendation of a Broker”, below).

Best execution is not explicitly defined; it is a concept that includes a number of variables (e.g. security, size of the transaction, purchase or sell, liquidity, price, market, trading costs). We are not necessarily obligated to select a broker or dealer solely on the basis of commission cost, even if that broker provides execution quality comparable to other brokers or dealers. Among the things we examine in evaluating execution quality are:

- Our experience with that broker
- Reliability and financial stability

- Responsiveness and willingness to negotiate price / provide execution services
- The execution of our orders
- Settlement and error correction capabilities (including the number of errors)
- Availability of securities to borrow for short sales (if used)
- The markets for the security (where is the security traded)

Special Circumstances

We may assist some of our clients with opening and maintaining brokerage accounts for which we have ongoing reporting and monitoring responsibility only; we do not exercise brokerage or investment discretion over these accounts (“non-discretionary accounts”). However, although the client maintains sole trading authority, Highland may place specific transactions as an accommodation for these clients at their request.

Third Party Money Managers

TPMMs will typically place all transactions for your account at your broker / custodian, subject to their obligation to you to seek best execution. As custodians typically charge fees for transactions settled to your account(s) which are placed with outside brokers (“trade-away transactions”), TPMMs will most often choose your custodian as the broker who provides the best execution on a specific transaction when they evaluate best execution considerations versus the trade-away fee. However, TPMMs may choose to trade away from your custodian when they believe (in their sole determination) that doing so is in your best interest. As a result, in addition to the trade-away fee described below, you may pay an additional fee to the broker/dealer used for your transactions.

Recommendation of a Broker / Custodian

Although we work with other broker/dealers and custodians, we recommend the following firms to our clients who need such services:

Charles Schwab & Co. Inc. (“Schwab”), and
Fidelity Investments (“Fidelity”)

We have independently evaluated each broker and the services that are available to our clients, and determined as a result that the following items are of value to both Highland and our clients when compared to other brokers or custodians:

- Mix of brokerage execution services
- Research availability

- Variety of securities that can be purchased or sold (including a large number of mutual funds) on a load waived or no-load basis, with many also on a no-transaction fee basis
- Access to mutual funds or other vehicles that are otherwise generally available only to institutional investors, or would require a significantly higher minimum initial investment
- The fact that these recommended brokers do not charge for custodial services for assets held at Schwab and Fidelity

We primarily (but not exclusively) recommend Schwab.

We participate in a program called “Schwab Advisor Services” which is sponsored by Schwab and made available to Highland and other investment advisers. We also participate in a similar program sponsored by Fidelity called Fidelity Institutional Wealth Services. By participating in these programs, and through custody of client assets with them, Highland receives access to tools and services, such as:

- Software and other technology that provides access to client account data
- Facilitation of trade execution and the allocation of blocked orders for multiple accounts
- Research, pricing and other market data
- The payment of Highland’s fees directly from your account, if authorized in your advisory agreement
- Assistance with back-office functions, recordkeeping and client reporting
- Services related to the management and development our business, such as compliance, legal, and business consulting
- Educational events or occasional business entertainment of our employees

Although these tools and services may not directly benefit each client account, they do assist in the efficient and effective operation of our business, which benefits all Highland clients.

Commissions

Schwab and Fidelity, in the programs they provide to advisers like Highland, establish flat commission charges for various types of securities transactions; we generally do not negotiate the commissions you pay on a transaction-by-transaction basis. As a result, the accounts we establish on your behalf with Schwab and Fidelity will be charged these transaction charges. We may negotiate per-share or per-transaction commissions with Schwab or Fidelity, in certain unique circumstances and on an exception basis.

Highland has negotiated confidential pricing schedules with Schwab and Fidelity for its client accounts, which we provide to our clients in a separate document. Commissions you pay to Schwab or Fidelity, if any, are disclosed on the confirmation of each security transaction we

place on your behalf. These confirmations are sent directly to you by Schwab or Fidelity and we receive a copy of them.

Certain mutual funds we purchase or sell for your accounts are made available on a no-load or load-waived basis. In addition, certain mutual funds are made available for no transaction fee; as a result the confirmation may show “no commission” for a particular transaction.

Types of Brokerage Activity

1. Discretionary Brokerage / Prime Brokerage:

Although we recommend Schwab and Fidelity and primarily use your custodian as your broker/dealer, we also have the “discretionary” authority to pick other brokers when we believe that doing so assists us in achieving best execution for your transactions. We place transactions at other brokers only for those Client accounts that qualify and only when appropriate; these are called “Prime Broker Transactions.”

There are a number of factors we consider when determining to trade via the Prime Broker network² in lieu of Schwab or Fidelity; these include:

- Account size (Schwab and Fidelity impose a minimum account size of \$130,000)
- The availability of different inventories of securities (bonds) from underwriters or market makers, thus affording Highland the opportunity to negotiate price and find securities that may not be available from Schwab or Fidelity
- Brokers’ experience and expertise
- Overall trade cost (prime broker transactions are typically executed on a principal basis, with a dealer mark-up or mark-down included in the net trade amount. Schwab’s and Fidelity’s trade-away fee also applies in addition to the mark-up or mark-down)

2. Directed Brokerage

Accounts not meeting prime brokerage requirements are considered to be “directed” with all brokerage transactions placed at Schwab or Fidelity without regard to other brokers or dealers. As a result, some of your accounts may be traded on a Prime Broker basis, while others are not.

For directed brokerage transactions placed at Schwab or Fidelity only, the transactions will only be aggregated (or blocked) with those of other client accounts at Schwab or Fidelity. This may limit our ability to negotiate price and obtain volume discounts when compared to Prime

² Prime Brokers are part of an electronic network that facilitates a more efficient (and electronic process) to place, and settle the transactions across the prime broker network. They are regulated by the SEC and have a mandatory account size restriction of \$100,000. Brokers like Schwab can have policies which increase a minimum account size for prime broker transactions, but they cannot qualify below this standard limit.

Brokerage transactions; as a result, best execution may not be achieved and ultimately, this may cause you to pay higher overall costs for execution services.

In addition, there may be variances between clients who direct us to use other brokers or custodians as compared to Schwab or Fidelity, as commissions may be higher or lower.

If you would like to direct brokerage to a broker / custodian other than Schwab or Fidelity, we will consider that request on a case-by-case basis.

3. Block Trading

Block trading (the aggregation of transactions in a single security among multiple accounts) is one method we can use to meet our fiduciary obligation of best execution. When blocking transactions for multiple clients, the size of the transaction is larger than placing all the transactions individually; this allows us to negotiate the price of the security within the spreads available at that time. These may be either purchases or sales across all investment and brokerage discretionary accounts and by custodian. Block trading derives certain benefits to the participating clients in the block; typically for equities, exchange traded funds or bonds. As mutual funds are purchased or sold at the previous day's closing price, the benefits of block trading are not applicable. We may, but are not obligated to place block trades.

At the time we place the block transaction, we issue instructions to purchase a particular number of shares of a security (stock, bond or exchange traded fund) and all participating clients and their pro-rated shares of the block are known at the time of the transaction. Should we not receive the full amount of the request, or if multiple executions are required, the following apply:

- If the full amount we requested is not obtained (and we determine to stop trading), we will pro-rate the purchased shares equally across all participating accounts. However, if employee transactions are included in the block and only a partial fill is completed, employee transactions are excluded (per our Code) until all client trades are completed.
- If multiple fills occur to complete the full block, then all purchases are averaged to price and each participating client receives their full allocation at that average price.

Block transactions may be aggregated across Schwab and Fidelity and transacted at a third party broker on a Prime Broker basis. We do not, however, have the authority to negotiate commissions on a transaction-by-transaction basis. In our evaluation of your needs, we will determine when to trade on a Prime Broker basis and the accounts to include in a blocked transaction, if any.

For your accounts held at Schwab or Fidelity, block trading may occur in the same security on a mini-block basis across multiple accounts if the accounts do not meet the Prime Broker minimums.

4. Prohibited Brokerage Practices

Agency or Agency Cross Transactions: Cross transactions and agency cross transactions are generally defined as transactions that are sold from one client account and purchased into another client account for a commission (or no commission). We cannot place cross or agency cross transactions between your account(s) and the accounts of other clients because we are not a broker/dealer or affiliated (under common control or ownership) with a broker/dealer.

Principal Transactions: We also do not place or request a broker to place principal transactions; however, we may purchase securities from certain broker/dealers or custodians from their inventory (principal transactions.) In this context, we do not:

- Place a transaction as principal for our own account or any other party, or purchase or sell securities from or to any advisory account
- Sell a security from one client account and purchase that security in another client account

Brokerage for Client Referrals: We do not use, recommend, or direct activity to brokers in exchange for client referrals.

5. Trade Errors

Highland has a fiduciary responsibility related to the correction of trade errors.

We endeavor to catch all errors before settlement; typically errors are corrected by a simple cancel (of the error trade) and re-bill (or re-run of the trade as it should have been originally placed). Examples of errors include (but are not limited to) trades which:

- Are not legally authorized for an account
- Are prohibited by investment policy or style
- Are prohibited by the contract
- Include an incorrect security or transaction (buy vs. sell or vice versa)
- Are incorrectly allocated block trades

At times, a trade error will result in a “gain” in the impacted client account (whether by Highland or a TPM). If this occurs, the gain remains in the client account.

Schwab and Fidelity also maintain and document policies and procedures relating to trade errors which may occur in your accounts. If a third party (including TPMMs) causes or creates the error, that third party is responsible for the correction of the error and making your account(s) whole, subject to their policies and procedures. Note that Schwab's error policy differs materially from Fidelity's error policy.

Item 13 – Review of Accounts

Reviews and Reviewers

Highland's investment professionals review each client account monthly, if not more frequently. Accounts are also reviewed indirectly by our portfolio managers and relationship managers through our daily monitoring of securities held by or recommended to clients. Reviews may also be conducted if there are changes to your personal or family obligations which cause a change in your strategies, risk tolerance or investment policy. Additional reviews may be conducted during periods of significant global or economic events and as you may request.

In addition to ongoing periodic account review, Highland conducts comprehensive annual financial reviews for each client relationship. These reviews seek to encompass and address all factors relating to the client's financial health and independence, including those listed under Item 4. Where applicable, reviews are informed by the client's other advisors and industry professionals in practice areas where Highland does not provide advice (e.g. legal, tax.)

Reports

We provide written investment summary reports to all private wealth management clients either in hard copy or via electronic delivery. We provide these reports quarterly, in addition to and separate from the statements you receive from your broker(s) or custodian(s). Highland uses Black Diamond Performance Reporting as a strategic outsource partner to aggregate and record client portfolio activity and measure and report portfolio performance. Highland's investment professionals and relationship managers review these reports.

Our reports include the following:

- Computation of investment returns for the report period
- Asset-class benchmarks to assist in assessing relative performance
- Asset allocation
- Summary of assets held in the account or under our management
- Current market value and cost basis (although the custodian is the official record-keeper of cost basis information)

We recommend that you compare the information on your custodial statements / reports to those provided by Highland. You may note nominal differences in the total portfolio value provided by your custodian when compared to our reports. This is common and can be caused by many issues, including:

- Owed but unpaid accrued interest on fixed income securities
- Trade date versus settlement date reporting
- Pricing differences (Black Diamond will use the services of an independent third party pricing service such as IDC to validate the pricing of liquid securities in your portfolio if variances occur)
- Dividends that have not yet been paid
- Manually priced securities included on our reports (and not held by your custodian)

Please notify us or your custodian immediately if you do not receive a monthly statement directly from your custodian.

Item 14 – Client Referrals and Other Compensation

Client Referrals

We do not pay any entity or person, directly or indirectly, for client introductions or referrals.

Other Compensation

Highland recommends both Schwab and Fidelity as brokers / custodians. Schwab and Fidelity are independent, third party, qualified custodians; we are not affiliated with either firm.

Services provided by Schwab and Fidelity to you include:

- Execution of security transactions
- Custody
- Access to research
- Access to mutual funds or other investments that are otherwise generally available only to institutional investors, or require a significantly higher minimum initial investment

Schwab and Fidelity receive compensation through account holder commissions and other transaction-related fees for securities trades executed by them or settled into your accounts (see Item 5, Fees and Compensation). In certain circumstances, Schwab and Fidelity will receive asset-based compensation (“asset-based pricing,” or “ABP”) in lieu of trade commissions for an account, subject to a separate agreement signed by the client for that account.

Highland receives economic benefits through participation in their institutional service programs (see Item 12, Recommendation of Broker/Custodian). Although these tools and services may not directly benefit each client account, they do assist in the efficient and effective operation of our business, which benefits all Highland clients. Please factor in these benefits provided to Highland when selecting your broker/dealer / custodian.

Item 15 – Custody

Highland does not have physical possession of any Client's funds or securities. We do directly debit advisory fees from your custodial account based on your written authorization to do so. We recommend that you compare the reports we provide you with those you received directly from your custodian, realizing that the official record of your account activity is the custodial report and not ours.

Item 16 – Investment Discretion

As indicated under Item 4, above, we provide investment management / private wealth management services to you on a discretionary basis. Our investment discretionary authority is documented in the written agreement we have with you and may be updated as you determine; however, we require that you provide all limitations or restrictions in writing.

Item 17 – Proxy Voting

Highland does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios or accounts. If you request, we will provide information or our professional insight into various matters related to your proxies. Certain third party money managers may request to retain the authority to vote proxies in accounts they manage for you, subject to their stated policies.

Corporate Actions: If requested, we will provide advice and input on corporate actions, especially in the cases where there are options to receive cash payments or retain ownership.

Item 18 – Financial Information

Highland does not have any financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients. In addition, neither Highland nor its management persons have been the subject of a bankruptcy proceeding.

Part 2B of Form ADV: *Brochure Supplement*

Item 1: Cover Page

This brochure supplement provides information about our employees that provide investment advice to Clients. The following individuals are the Investment Professionals of Highland Private Wealth Management:

John C. Christianson, CFA
Colleen T. Kroeger, CFA
Ben R. Johnson, CFP®
Jeffrey N. Powell, MBA, CFP®
Carolyn M. Pile, MBA

The contact information for each individual is the same (we have only one office):

Highland Private Wealth Management, LLC
305 - 108th Avenue NE, Suite 102
Bellevue, WA 98004

March 6, 2014

You should have received a copy of the Part 2 A brochure as we include this supplement with all copies. Please contact Jeff Edgbert, our Chief Compliance Officer, if you did not receive Highland's Part 2 A Brochure, or if you have any questions related to the brochure or this supplement.

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

Item 2: Educational Background and Business Experience

Name: John C. Christianson, CFA³

Born: 1961

Education after High School:

B.A., Business Administration, 1983, Washington State University, Pullman, WA

1987, Certified Public Accountant (inactive)

1998, CFA (CFA Institute)

Employment History, past 5 years:

Highland Private Wealth Management, 1999 – Present

President / Chief Executive Officer; Portfolio Manager; Investment Adviser
Representative; Chief Compliance Officer

Name: Colleen T. Kroeger, CFA

Born: 1973

Education after High School:

B.S., Accounting, 1995, Miami University, Oxford, OH

1995, Certified Public Accountant (inactive)

2001, CFA (CFA Institute)

Employment History, past 5 years:

Highland Private Wealth Management, 2007 – Present

Director of Client Care; Senior Associate; Investment Adviser Representative

³ The Chartered Financial Analyst Certification: is an international [professional certification](#) offered by the [CFA Institute](#) (formerly AIMR) to [financial professionals](#) who complete a series of three [examinations](#). To become a CFA, candidates must pass each of three six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFAs are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

Name: Ben R. Johnson, CFP®⁴

Born: 1972

Education after High School:

B. A., Finance and Economics (dual major), 1994, North Park University, Chicago, IL

2000, Certified Financial Planner, CFP Board of Standards

Employment History, past 5 years:

Highland Private Wealth Management, 2011 – Present

Director of Client Care

Laird Norton Tyee Asset Strategies, 2004 – 2011

Client Advisor

⁴ **Certified Financial Planner:** The CFP® Certification Examination tests your ability to apply your financial planning knowledge to client situations. The 10-hour exam is divided into three separate sessions. Because of the integrated nature of financial planning, however, each session may cover all topic areas. All questions are multiple choices, including those questions related to case problems. **Meet the Experience Requirement.** At least three years of qualifying full-time work experience are required for certification. Qualifying experience includes work that can be categorized into one of the six primary elements of the personal financial planning process. Experience can be gained in a number of ways including: the delivery of all, or of any portion, of the personal financial planning process to a client; the direct support or supervision of individuals who deliver all, or any portion, of the personal financial planning process to a client; teaching all, or any portion, of the personal financial planning process. **Pass Fitness Standards for Candidates and Registrants and Background Check.** Applicants for CFP® certification must pass CFP Board's [Fitness Standards for Candidates and Registrants](#), which describe conduct that will or may bar an individual from being certified. For example, conduct that is presumed to be unacceptable includes one personal or business bankruptcy filed within five years prior to completing the CFP® Certification Application. Individuals that have filed for bankruptcy in that time frame must petition CFP Board's Disciplinary and Ethics Commission for reconsideration of the presumptive bar. CFP Board's Disciplinary and Ethics Commission may, at its discretion, grant or deny the petition. After you have met the education, examination and work experience requirements, you must disclose past or pending litigation or agency proceedings and agree to abide by CFP Board's [Code of Ethics and Professional Responsibility](#), [Rules of Conduct](#) and [Financial Planning Practice Standards](#). A background check will also be conducted.

Name: Jeffrey N. Powell, MBA, CFP®

Born: 1967

Education after High School:

B.A., Political Science, 1989, State University of New York, Fredonia, NY

M.S., Education, 1991, State University of New York, Buffalo, NY

MBA, 2001, University of Florida, Gainesville, FL

Certified Financial Planner, 2009, University of Miami, Miami, FL

Employment History, past 5 Years:

Highland Private Wealth Management, 2013 – Present

Client Care Advisor; Investment Adviser Representative

Laird Norton Tyee Asset Strategies, 2012 – 2013

Client Analyst

Carbon Credits Advisors, LLC, 2011 - 2012

Financial Advisor

Reliance Wealth Management, 2011 – 2012

Managing Member

Cela Advisors, 2009 – 2010

Advisor

Singer Xenos Wealth Management, 2006 – 2009

Advisor

Name: Carolyn M. Pile, MBA

Born: 1974

Education after High School:

B. A., Psychology, 1997, University of Oregon, Eugene, OR

MBA, Finance, 2006, University of California-Irvine, Irvine, CA

Regulatory Examinations:

FINRA Series 65, 2014

Employment History, past 5 years:

Highland Private Wealth Management, 2013 – Present

Portfolio Manager; Investment Advisor Representative

Pacific Portfolio, 2012 - 2013

Portfolio Manager

Mercer Advisors, 2010 - 2012

Senior Associate

Rigel Capital Management, 2006 – 2010

Vice President, Investments

Item 3: Disciplinary Information

There are no disciplinary events or disclosures for us to make for any of our investment professionals (investment adviser representatives). This statement applies to:

John C. Christianson; Colleen T. Kroeger;

Ben R. Johnson; Jeffrey N. Powell;

Carolyn M. Pile

Additional information on these individuals is available from the SEC's public disclosure website (see the cover page of this Brochure Supplement).

Item 4: Other Business Activities

There are no outside business activities for any of our investment professionals (investment adviser representatives). This statement applies to:

John C. Christianson; Colleen T. Kroeger;

Ben R. Johnson; Jeffrey N. Powell;

Carolyn M. Pile

Item 5: Additional Compensation

There are no outside business activities, as a result there is no outside or additional compensation received by the following investment professionals (investment adviser representatives). This statement applies to:

John C. Christianson; Colleen T. Kroeger;

Ben R. Johnson; Jeffrey N. Powell;

Carolyn M. Pile

Item 6: Supervision

At this time, John Christianson, as the President and CEO of Highland, has the responsibility to supervise those employees we deem to be investment professionals (and who are registered as investment adviser representatives).

Mr. Christianson discharges this duty through his day-to-day interaction with our investment professionals, through his:

- *Monitoring securities we hold for client accounts
- *Being an active member of our investment committee
- *Reviewing of client accounts
- *Regular interaction with our clients

Mr. Christianson can be reached at 425-739-6500 should you have any questions regarding our Advisory Representatives or the manner in which their activity is supervised.

Privacy Disclosure

OUR CONTINUING PRIVACY COMMITMENT TO YOU

Federal privacy laws (Regulation S-P) require that we explain to you how we safeguard and protect your *personal and non-public information*. This is information, that in the course of our relationship with you, we obtain, you provide or we capture; this information is generally provided to us through new account application or account opening materials that you provide from time to time in connection with our providing you with highly personalized wealth management services.

By Policy, we do not provide or sell your personal, non-public information to any party. As you might imagine, however, we rely on and share information with certain third parties whose services are necessary to enable us to provide our comprehensive services to you. Such parties may include, but are not limited to the following:

- Broker dealers / custodians (including prime brokers who are not custodians or brokers for your accounts to facilitate transactions or settlements.) Your personal and non-public information may be shared with these firms for you to receive their services, as a result.
- Your other professional service providers (i.e. attorneys and accountants), but only with your explicit consent.

We may also share your personal, non-public information when we are required to do so (upon regulatory examination by the Securities and Exchange Commission, by Washington State or upon subpoena or as otherwise as required by law, regulation or judicial process).

Since we do not “sell or otherwise provide” your personal, non-public information, there is no “opt-out” provision in this Privacy Disclosure. To safeguard and protect your personal, non-public information, we maintain physical and electronic security safeguards. These include:

- Access security to our building before and after normal work hours and weekends / holidays
- Locks on our office
- Technology security on computers and our file servers
- Locks on file cabinets
- Encryption protocols on backed-up data and our backed up servers or email if we communicate / transmit your information in this manner

Further, all employees are responsible for adhering to our Code of Ethics which includes Regulation S-P compliance. We also conduct initial training for all new employees on the protection of personal, non-public client information and annually thereafter.

We will provide you with an update to this Privacy Disclosure initially (within this ADV Part 2 A / B) and annually thereafter. If you have any questions about our systems or privacy issues, feel free to contact us at the address and telephone number on the cover of this brochure.