

## **Part 2A of Form ADV: Firm Brochure**

### **Item 1 - Cover Page**

# **Solaris Advisors, LLC**

598 Madison Avenue  
New York NY 10022  
212-582-4500  
[www.solarisgroupllc.com](http://www.solarisgroupllc.com)

March 31, 2014

This Brochure provides information about the qualifications and business practices of Solaris Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at 212-582-4500 or at [www.solarisgroupllc.com](http://www.solarisgroupllc.com)

**The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Solaris Asset Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.**

Additional information about Solaris Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC rules. This Item discusses only specific material changes that are made to the Brochure and provides clients with a summary of such changes, if any. In the past we have delivered information about our qualifications and business practices to clients on at least an annual basis, typically with our first quarter investment report mailing. This Brochure dated March 14, 2014. Our last annual update of our Brochure was March 31, 2013. The most recent supplemental update was dated September 1, 2013. We will ensure that you continue to receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. In addition, we may further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

#### **Material Changes**

Since the beginning of 2013 we have added new Policies and Procedures with respect to Approval of Outside Employment/Activities, Social Networking Internet Sites, and Whistleblowing to address both regulatory and marketplace developments.

Our Brochure may be requested by contacting Stephen Brent Wells, Chief Compliance Officer at 212-582-5029 or wells@solarisgrouppllc.com. Our Brochure is also available through a link on our web site [www.solarisgrouppllc.com](http://www.solarisgrouppllc.com), also free of charge. Additional information about Solaris Advisors is also 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 Solaris Advisors who are registered, or are required to be registered, as investment adviser representatives of Solaris Advisors.

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## **Item 4 – Advisory Business**

### Firm Description

Solaris Advisors (also we, the Firm, SA or Solaris) provides investment consulting and wealth management services to high net worth individuals, families, and their advisors, foundations, endowments and charities, and institutions. The Firm began on January 1, 2006 and is a wholly owned subsidiary of The Solaris Group, LLC.

### Types of Advisory Services We Offer

As part of its wealth management services, in accordance with each client's needs and investment objectives, Solaris Advisors designs wealth plans and investment programs and recommends and implements for each client an individualized asset allocation and selection of investment managers and pooled investment funds including hedge funds and private equity funds and provides monitoring and detailed regular reporting to each client.

SA also provides investment consulting services to institutional clients.

Each relationship, whether individual or institutional, is separately managed and recommendations are made and implemented on a risk-adjusted basis, taking into consideration each client's individualized circumstances.

### Types of Investments We Invest In

For its clients, Solaris Advisors and those managers of separate accounts and pooled funds may invest in some or all of the various types of domestic or foreign investments that are currently available in the global investment marketplace, including equity securities; warrants; options; futures; government, municipal and corporate debt of all types and maturities; mutual funds; exchange traded funds; commodities; and so on. In addition, depending upon a client's needs and investment objectives, Solaris Advisors may invest client accounts in limited partnerships which can include hedge funds, master limited partnerships, and private equity investments, which in turn invest in some or all of the types of investments set forth above. If the client agrees, SA may also invest in its limited partnerships, the Constellation Fund or the Ara Fund. Neither fund has a performance fee. These Funds are more fully described in Item 10 below titled "Other Financial Industry Activities and Affiliations – Private Investment Funds Advised by Solaris Advisors."

Solaris Advisors does not participate in wrap fee programs by providing management services. However, clients may direct us to invest in wrap fee programs on their behalf, in which case we do not receive any portion of any fees for our services.

### How We Manage Your Assets

Typically we make investments after a thorough iterative process with each client. In order to achieve a client's desired investment objectives and needs, each individual client asset allocation and manager and fund selection and corresponding investments will vary based on that client's particular circumstances and goals. After agreeing on an individualized wealth plan with the client, Solaris Advisors effects the client's plan by recommending and implementing specific investments, such as separate account managers and/or public or private fund investments to the client. We provide ongoing supervision and monitoring of a client's investments and make recommendations for change whenever we believe it is

appropriate in accordance with each client's needs and investment objectives. Each relationship is separately maintained and recommendations are made and implemented on a risk-adjusted basis.

**Restrictions on Types of Investments**

The client may place restrictions on the types of investments in the client's account. Such restrictions may be on any basis, including asset classes, types of investments, market sectors, industries, individual or types of securities or certain investment vehicles. In managing a client's account, we follow those restrictions that we and the client have agreed upon.

**Where a Client's Assets are Held**

Solaris Advisors requires that each client contract with and maintain a relationship with a reputable qualified custodian that is unaffiliated with and fully independent from us. A client's custodian holds the client's securities and reports directly to the client on a periodic basis.

**MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services**

To the extent requested by the client, Solaris Advisors may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Solaris Advisors, nor any of its representatives, serves clients as an attorney, accountant, or insurance agent, and no portion of Solaris Advisors' services should be construed as same. To the extent requested by a client, Solaris Advisors may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Solaris Advisors.

**Please Note:**

If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Client Obligations**

In performing its services, Solaris Advisors shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Solaris Advisors if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing, evaluating or revising Solaris Advisors' previous recommendations and/or services.

**Please Note:**

**Non-Discretionary Service Limitations**

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

**Please Note:****Investment Risk**

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies that are recommended or undertaken by Solaris Advisors) will be profitable or equal any specific performance level(s).

**Assets Under Management**

The Firm, as of January 1, 2014 manages or consults on \$1,247,641,000. The Solaris Group manages or consults on \$1,534,317,800.

**Item 5 – Fees and Compensation****How and When Fees are Charged and Collected**

Solaris Advisors charges fees as agreed upon with each client and in accordance with the terms of its wealth management agreement with that client. Fees for investment consulting and wealth management services are calculated based on the fair market value of the assets on the last business day of a calendar quarter and may be payable quarterly in advance. During any quarter fees may be adjusted for any partial period pro rata to reflect any client directed additions or withdrawals which the Advisor deems are material. Clients may request to be billed directly for fees rather than have fees debited from their custody account(s).

**Fees We Charge**

For these services the fee on the first \$10 million in assets is 0.75%. The fee on the next \$30 million is 0.55%. The fee on the next \$40 million is 0.35%. The fee on the remainder over \$80 million is 0.15%. The minimum fee is \$75,000. However, fees vary based on asset size and are negotiable based on services provided, amounts involved or other considerations. Contracts are generally terminable on thirty (30) days' notice. If terminated, all unearned and paid fees for partial periods will be refunded pro-rata based upon the number of days from the effective date of the termination until the end of the quarter. All earned and unpaid fees for partial periods will be billed based on the number of days from the beginning of the quarter to the effective date of the termination.

**Regarding Fees**

Solaris Advisors, in its sole discretion, may charge lesser wealth management and/or consulting fees based upon a variety of criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, or the like.

**What Our Fees Don't Include**

Solaris Advisors' fees are exclusive of charges imposed by custodians, brokers, third-party investments and other third parties such as fees charged by managers, funds, custodians, brokerage commissions and transaction fees, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on securities transactions. For a more detailed discussion about brokerage fees and expenses please refer to Item 12 below titled "Brokerage Practices." Mutual and exchange traded funds and other pooled funds also charge internal management fees and expenses which are disclosed in each fund's prospectus or offering documents.

### Third-Party Compensation that Solaris Does Not Receive

Solaris Advisors does not accept or receive compensation from third parties from the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds or any portion of these fees and costs. Such practices present a conflict of interest because they create an incentive to recommend investment products based on the compensation received rather than the client's needs. Accordingly, it is Solaris policy not to accept such third-party compensation to avoid any conflicts of interest with our clients.

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

### Eligibility for Performance-Based Fee Arrangements

In some select cases, Solaris Advisors will enter into performance-based fee arrangements with clients who are qualified to do so. We structure any performance or incentive fee arrangement subject to the requirements of Section 205(a)(1) of the Investment Advisers Act of 1940, as amended.

### How Performance-Based Fees Are Determined

We negotiate performance-based fees individually with each eligible client who wishes to have such a fee. Typically each performance-based fee is different and specific to that client. In measuring clients' assets for the calculation of performance-based fees, we usually include realized and unrealized capital gains and losses.

### Performance-Based Fees and Side-By-Side Management - Possible Conflicts of Interest

Performance-based fee arrangements could theoretically create a conflict for Solaris Advisors in the allocation of investment opportunities between accounts with asset-based fees and those with performance-based fees. Accordingly, Solaris Advisors employs procedures designed to ensure that all clients are treated fairly and equally. We make investment recommendations to each client solely based upon that client's needs and investment objectives. Every client gets the best investment ideas suited for that client, and no client is preferred, for whatever reason, over another client. We regularly review the holdings of every asset-based fee client account with the holdings of any performance-based fee client account to confirm that this conflict has not had any influence on the allocation of investment opportunities among our clients. Clients of Solaris Advisors may also invest in its limited partnerships, the Constellation Fund or the Ara Fund. Neither fund has a performance fee. These Funds are more fully described in Item 10 below titled "Other Financial Industry Activities and Affiliations – Private Investment Funds Advised by Solaris Advisors."

## **Item 7 – Types of Clients**

### What Types of Clients Do We Provide Investment Advice To

Solaris Advisors provides investment consulting and wealth management services to high net worth individuals, families and their advisors, trusts, foundations, endowments and charities, and institutions.

### Minimum Fees

The minimum fees for an investment consulting or a wealth management account is generally \$75,000. Solaris Advisors may waive this minimum for any of its consulting and wealth management services, in

its sole discretion, based upon any number of factors including the total client relationship or other circumstances such as, the type of services required, account composition, anticipated future earning capacity, anticipated future assets under management and related accounts managed by its affiliates, Solaris Asset Management or Solaris Alternative Asset Management.

#### Private Investment Funds That We Provided Advice To

Solaris Advisors acts as investment advisor to the Solaris Constellation Fund, L.P., a pooled investment fund in a limited partnership structure that can invest in separate accounts, hedge funds and other co-mingled pooled vehicles. Solaris Advisors acts as investment advisor to the Solaris Ara Fund, L.P., a pooled investment fund in limited partnership structure that invests in U.S domestic equities principally through separate accounts and mutual funds with institutional investment minimums as well as exchange traded funds. The Constellation Fund is offered to clients and others who are qualified investors. The Ara Fund is offered to clients and others who are accredited investors. Item 10 below titled “Other Financial Industry Activities and Affiliations” has a more detailed discussion of the Solaris Constellation and Ara Funds.

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

#### Customized Investment Programs

For each client Solaris Advisors designs and recommends an individualized investment program. That program has a customized asset allocation with separate account manager and/or public or private fund investments which reflects that client’s individual circumstances and personal definition of risk. We do not group clients into standardized allocation programs. Instead for each client we craft our investment program, asset allocation and manager selection based on those factors that are critical to that client, such as loss of principal, need to maintain purchasing power, or having sufficient assets to complete an important personal project, to name a few. Because every client is unique, those investment programs and corresponding strategies will vary from client to client.

#### Methods of Analysis and Investment Strategies

The overriding tenet of our investment philosophy is to preserve capital and enhance the purchasing power of our client’s assets. Because clients ask us to steward their assets across generations, we craft individualized investment programs that seek to protect their capital while meeting their investment objectives over long time horizons. While we believe that markets are upwardly biased over the long term, we understand that making it through short-to intermediate-term downdrafts is crucial. Therefore, tactical considerations may result in our proactively seeking protection against certain shorter-term risks, particularly if they are not clearly understood by the market and when the cost of such protection is palatable.

Portfolios managed by SA will typically, but not always, include a broad mix of domestic and international long-only equity, traditional fixed income, long/short and low volatility hedge funds and real estate, private equity and commodities and other vehicles that may combine a variety of these investments.

Solaris Advisors utilizes a variety of methods, both formal and informal, internal and external, to arrive at its views on, among other things, the global markets, asset classes and sectors and various types of

specific investments. Internally, we typically develop assumptions, regarding expected returns, the volatility of various asset classes as well as the correlations among them. Where cash flow modelling is useful, we use these assumptions as inputs to our simulation work which is forward-looking with a usual time horizon of 20 years. We routinely evaluate manager risk in myriad ways such as risk-adjusted return, standard deviation, downside volatility, and upside/downside market capture ratios as well as qualitative factors relating to the strength of the organization and its personnel. Externally we obtain a variety of inputs from third-parties which we use to help us evaluate the significance and impact of economic, political, regulatory, geopolitical, market, and financial developments or other factors we deem pertinent on the strategic and tactical investment opportunities for our clients.

Solaris Advisors retains managers of separate accounts and/or invests in pooled funds on behalf of its clients. Solaris Advisors subjects those current and prospective managers of separate accounts and pooled funds to quantitative reviews that can include peer group screening, analysis of sample portfolios and return patterns in various environments. Importantly, the metrics we use to assess managers are not uniform across styles and sectors since we believe that the criteria to judge, for example, an aggressive small-cap growth manager should differ from that used against a large-cap value manager or a global long/short manager.

In turn, those managers of separate accounts and/or pooled funds will themselves utilize a wide variety of methods of analysis, investment strategies, and types of investments. Examples of methods of analysis that they use are fundamental and technical. They employ various investment strategies and combinations of strategies such as long only (both long- and short-term), trading, short sales, derivatives, options, and futures. Some managers may also use leverage. Samples of the types of investments that separate account managers and pooled funds invest in are set forth in more detail in Item 4 above titled “Advisory Business – Types of Investments We Invest In.”

Each separate account manager and pooled fund employs investment strategies in managing assets that they believe are critical and may involve all kinds of material risks. The strategies and the corresponding investment risks are as varied as the number and kinds of possible investments. They include market and investment risks, institutional/counter-party risks, non-US investment and currency risks, trading risks, interest rate risks, hedging risks, illiquid security risks and risks related to the effects of leverage to name just a few broad categories of risks. In the case of pooled funds, the prospectus or offering memorandum for that mutual fund, hedge fund or private equity fund sets forth in detail the nature of those risks.

#### Risk of Loss

Of course, any particular investment strategy does not guarantee success. Every investment program has the potential for loss as well as gain. Investment returns will fluctuate, and the value of any client’s portfolio will fluctuate and may be worth more or less. Even in a diversified portfolio of investment strategies there is always a risk of loss that clients should be prepared to bear.



## **Item 9 – Disciplinary Information**

### Disclosure of Any Legal or Disciplinary Information or Events

The SEC requires every registered investment adviser to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or a prospective client's evaluation of our advisory business or the integrity of our management.

Solaris Advisors has no legal or disciplinary events or other information applicable to this Item 9 to disclose.

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

### Other Financial Activities That We Engage In

Solaris Advisors' principal business activity and that of SA's principal executive officers is to provide investment advice to its clients. The formal investment consulting and wealth management advice we provide is described more fully in Item 4 above titled "Types of Investment Management Services We Offer." We are not engaged in any other types of financial activities. We do not sell products or services other than investment advice to our clients. From time to time our clients ask us our opinions about a variety of investment and non-investment related matters, but any advice we may give is purely incidental to providing investment advice.

### Other Financial Industry Affiliations

Solaris Advisors has an affiliated company, Solaris Asset Management, LLC, which provides investment counseling services to wealthy individuals, families, foundations, and charities. Clients of Solaris Advisors can, from time to time, decide, in their sole discretion, to employ Solaris Asset Management for its services. There is a potential conflict of interest for Solaris Advisors with respect to any client who might consider investing funds with Solaris Asset Management. Solaris Advisors also has an affiliated company, Solaris Alternative Asset Management, LLC, which provides discretionary and non-discretionary hedge fund related investment management and analytical consulting services. Solaris Alternative Asset Management provides non-discretionary hedge fund related investment advice to separately managed accounts.

### Private Investment Funds Advised by Solaris Advisors

Solaris Advisors acts as investment advisor to the Solaris Constellation Fund, L.P., a pooled investment fund in a limited partnership structure that can invest in mutual funds, ETF's, separate accounts, hedge funds and funds-of-funds which is offered to clients who are qualified investors. Solaris Advisors also acts as investment advisor to the Solaris Ara Fund, L.P., a pooled investment fund in limited partnership structure that invests in U.S domestic equities principally through separate accounts, mutual funds and as well as exchange traded funds with institutional investment minimums.

### Affiliated Private Funds

Solaris Advisors may recommend that qualified clients consider allocating a portion of their investment assets to the affiliated funds. The terms and conditions for participation in the affiliated funds, including management and incentive fees, if any, conflicts of interest and risk factors are set forth in the fund's offering documents.

Solaris Alternative Asset Management acts as investment manager to (i) the Millbrook Domestic Fund, LLC, (ii) the Millbrook International Offshore Fund, Ltd., (iii) the Millbrook Partners, LLC, and (iv) Altair Capital II, LP (formerly known as Altair Fund I LP) (the “Altair Fund”), private investment funds. Millbrook Partners is a fund of credit-focused hedge funds. Altair Capital II, LP is a fund focused on airline related investments. Solaris Alternative Asset Management GP, LLC acts as general partner to these funds. Solaris Advisors is a member of the general partner. The Millbrook Partners and Altair Capital II, LP funds have an investment performance fee. All of these funds are currently in wind-down mode. Withdrawal requests have been submitted to all portfolio managers of the underlying portfolio funds, and there will be distributions to investors as and when distributions are received from the portfolio funds.

Solaris Asset Management acts as investment manager to the Solaris Gemini Fund, L.P., a long/short private investment fund that can invest in domestic and foreign stocks, bonds, mutual funds, options, interests in partnerships including those that invest in real estate, oil and gas, such as master limited partnerships and real estate investment trusts. The Solaris Gemini Fund, L.P. has an investment performance fee.

As a matter of policy and practice, Solaris Advisors discusses with every client in advance of any client considering investing with either Solaris Asset Management and/or Solaris Alternative Asset Management 1) that there is this conflict of interest; 2) that the client is not required to invest with Solaris Asset Management and/or Solaris Alternative Asset Management; 3) that the client alone makes a decision to invest with Solaris Asset Management and/or Solaris Alternative Asset Management; and 4) if the client decides to invest, that the client can create termination standards. Special fee arrangements are also available. Solaris Advisors’ clients are under absolutely no obligation to consider or make an investment in an affiliated private investment fund(s).

**Please Note:**

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

**Please Also Note:**

**Conflict Of Interest**

Because Solaris Advisors and/or its affiliates can earn compensation from the affiliated funds (both management fees and incentive compensation, if any) that may exceed the fee that Solaris Advisors would earn under its standard asset based fee schedule referenced in Item 5 above, the recommendation that a client become a fund investor presents a conflict of interest. No client is under any obligation to become a Fund investor.

**Solaris Advisors’ Chief Compliance Officer, Stephen Brent Wells, remains available to address any questions regarding this conflict of interest.**

**Unaffiliated Private Investment Funds**

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

**Please Note:**

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

**Please Also Note:****Valuation**

In the event that Solaris Advisors references private investment funds owned by the client on any account reports prepared by Solaris Advisors, the value(s) for all such private investment funds typically reflects the most recent valuation provided by fund sponsor and/or administrator. In cases where the valuation reflects the initial purchase instead (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

**MISCELLANEOUS**

The four principals of Solaris Advisors, whose biographies are set forth below, are the four members of BGWS, LLC which is the General Partner of the Solaris Constellation Fund, L.P. and the Solaris Ara Fund, L.P. BGWS is also the General Partner of the Solaris Gemini Fund, L.P. Solaris Advisors acts as investment manager to the Solaris Constellation and Ara Funds. Our affiliate, Solaris Asset Management, acts as investment manager to the Solaris Gemini Funds. These arrangements are not material to Solaris Advisors' investment management business and do not present any conflict of interest to any client of Solaris Advisors, LLC. More complete information on each of the four principals of Solaris Advisors and BGWS is contained in the Brochure Supplement, Part 2B of Solaris Advisors ADV.

**Compensation From Other Investment Funds and Advisors**

Solaris Advisors does not receive any compensation, direct or indirect from any other investment advisor or pooled fund that it recommends.

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

### Code of Ethics

Solaris Advisors has adopted a Code of Ethics and a Code of Business Conduct. These Codes enumerate our high standards of business conduct, our fiduciary duty to our clients and our business principles and philosophies. The Codes apply to each employee of Solaris Advisors, its parent and affiliates, and incorporate the Employee Investment Policy referred to below. In addition to the Employee Investment Policy, the Code, among other things, emphasizes each employee's duty to hold the client's interests first, to comply with all federal securities laws including a prohibition on insider trading, to obtain approval for certain outside activities, to avoid any conflicts of interest with any client, to treat all client information with the utmost confidentiality and to immediately report any violation of the Code of Ethics to the Chief Compliance Officer. On at least an annual basis, we conduct training on the elements of the Code of Ethics and each employee acknowledges receipt of the Code of Ethics and understanding of its contents. We will provide a copy of the Code of Ethics to any client or prospective client upon request.

Employees of Solaris Advisors and its affiliate, Solaris Asset Management, can buy or sell securities that SAM also buys or sells for clients. Trades are implemented alongside client trades which avoids any conflict of interest with our clients. As part of our securities trading procedures, each day we calculate the average share price for every traded security and that is the price that every client receives. As a result no employee or client receives any preferential treatment as each receives the same share price for the day. Employees can purchase or sell other securities provided that these employee transactions are conducted in accordance with the Employee Investment Policy set forth below, and the Solaris Advisors' Code of Ethics.

### Personal Trading: Employee Investment Policy

#### Philosophy

Solaris Advisors and its affiliate believe that our employees should invest along side of its clients. In the case of long-only investing in individual equity securities, this means buying and selling the same securities at the same time and at the same price as clients. Not only does this approach to personal investing emphasize that SA "eats its own cooking," but it also provides a clear way to demonstrate that we are always conducting ourselves in our clients' best interest and that our employees never receive preferred treatment.

#### Employee Pre-Clearance Procedures for Personal Trades

In order to avoid any employee trading activity that could result in an unfair or improper disadvantage to clients, all employees must get prior written approval for most trades and comply with the SA's Pre-Approval and Disclosure process. We monitor employee compliance.

#### Exceptions to Employee Pre-Clearance of Personal Trades

Solaris does not require pre-approval: (i) in cases where an account has been established in which the discretion to invest has been granted to a third-party; (ii) for all employee accounts that are managed on a discretionary basis by Solaris, including these limited partnership interests in the Solaris Gemini Fund, L.P.; or (iii) for investments in (a) direct obligations of the Government of the United States or by a person controlled or supervised by and acting as an instrumentality of the Government of

the United States pursuant to authority granted by the Congress of the United States; (b) certificates of deposit for any such securities; (c) bankers' acceptances; (d) bank certificates of deposit; (e) commercial paper; and/or (f) shares of non-affiliated registered open-end investment companies (i.e. mutual funds) and/or open-end exchange traded funds.

#### Participation or Interest in Client Transactions

##### Principal Trades

Neither Solaris Advisors nor any of its related persons acts as a principal and buys securities from or sells securities to any client.

##### Broker or Agent

Neither Solaris Advisors nor any of its related persons acts as a broker or agent to buy or sell securities to any client whether with or without compensation or effect transactions in which client securities are sold to or bought from a brokerage customer. SA does not enter into any agency cross transactions between client accounts.

##### Recommendations as an Investment Advisor

Solaris Advisors' affiliate, Solaris Asset Management, as an investment advisor, does recommend securities to clients that it buys and sells for itself. As set forth in Item 10 above titled "Other Financial Industry Activities and Affiliations," Solaris Asset Management acts as investment advisor to the Solaris Gemini Fund, L.P., a long/short pooled investment fund in a limited partnership structure offered to employees of Solaris and accredited investors and qualified clients.

Solaris employees may purchase or sell open-end mutual funds that are also recommended to or owned by its clients. In our view this does not present a conflict of interest to any client of Solaris Advisors.

#### Potential Conflicts of Interest

##### Pricing - Investing in the same Securities

The Solaris Gemini Funds, L.P. (the Fund) may invest in some of the same securities that SAM invests in for its clients in their separate accounts. There is a potential conflict of interest that the Fund could receive preferential treatment in the pricing of securities. However, SAM applies a daily average share price practice as part of our securities trading procedures. Each day SAM calculates the average share price for every traded security and that is the price that everyone who traded that day in that security receives. Since fund trades are implemented alongside client trades, SAM avoids any conflict of interest with its clients because the result is that no employee, fund or client receives any preferential treatment as each receives the same share price for the day. As seen from the description of employee trading, this average share pricing and pooling approach significantly reduces the potential for conflict of interest with respect to employee trading as well. Commission costs are shared equally as all accounts benefit pro rata from the execution. Allocations among accounts are made prior to the placement of orders. Completed orders are allocated as specified and partially filled orders are allocated in accordance with our trading procedures. SAM retains detailed records of each order and its allocation and any exceptions are noted to confirm compliance with our procedures and that all clients are treated fairly.

##### Pricing – Valuation of hedge fund and private equity securities

Clients of Solaris Advisors frequently invest in pooled funds which own hard-to-value assets, assets whose value may become more accurate over time, or in assets that are only valued infrequently,

such as real estate or investments in private companies. The valuations for hedge funds, fund-of-funds and private equity that Solaris Advisors uses in its reports to clients and also for billing purposes (i) are provided by the investment manager or third-party administrator, (ii) are usually preliminary in nature or estimates in the event that such investment's final statement is unavailable and (iii) typically not final until the completion of the pooled fund's audit in the spring of the year following the year to which those valuations apply. Prior to the final audit these market values are typically subject to adjustment for several reasons that may impact the investment's final valuation, such as the final independent audit itself, the application of special accounting rules and other fund-specific considerations. In addition, hedge and private equity fund investments are typically illiquid and redemptions from such investments often involve restrictions relating to the timing of the redemption and the availability of the proceeds, factors that could that could impact valuations. Accordingly, there is no assurance that any of the valuations used in client reports or for billing purposes for these investments are completely accurate. In the event that valuations change as they are updated, SA does not restate the information in prior reports or adjust prior bills, upward or downward, to reflect final valuations. While this might be perceived as a conflict of interest, valuation discrepancies could benefit or penalize us. Solaris Advisors uses its best efforts to reflect the most current up-to-date information available. We post the information in the same manner and believe that any discrepancies will be minor and any benefit or detriment will be mitigated over time.

Preferential Security Selection - Investing to benefit the Fund over Client accounts (or vice versa)

There is a potential conflict of interest that either clients or the Funds could receive preferential treatment if certain investments made for clients are different from those made for the Fund so that either clients or the Fund benefit one over the other. The Gemini Fund has a higher fee as well as a performance fee because it is a long/short fund, so it would benefit from preferential security selection. SAM deals with these potential conflicts of interest by investing for the Fund in the same manner as we manage our core separate accounts. We compare holdings and performance periodically of our separate accounts to that of the Gemini Fund, identifying and explaining any discrepancies to confirm equal treatment. In addition, because the four principals of SAM who are the four members of BGWS, LLC and the General Partner of the Fund receive no economic benefit from their role as members of the General Partner, they have no direct conflict of interest. Their potential indirect conflict of interest is dealt with by the preferential security selection procedures.

Employing Solaris Advisors' Affiliates, Solaris Asset Management, or Solaris Alternative Asset Management

There is a potential conflict of interest for Solaris Advisors with regard to its affiliates, Solaris Asset Management and/or Solaris Alternative Asset Management. As a matter of policy and practice, Solaris Advisors discusses with every client in advance of any client considering investing funds with either Solaris Asset Management and/or Solaris Alternative Asset Management 1) that there is this conflict of interest; 2) that the client is not required to invest with Solaris Asset Management and/or Solaris Alternative Asset Management; 3) that the client alone makes a decision to invest with Solaris Asset Management and/or Solaris Alternative Asset Management; and 4) if the client decides to invest, that the client can create termination standards. Special fee arrangements may also be available. Solaris Advisors' clients are under absolutely no obligation to consider or make an investment in an affiliated private investment fund(s).

## **Item 12 – Brokerage Practices**

Solaris Advisors' authority over investment or brokerage discretion varies depending upon the requirements of each client and the nature of the wealth management relationship. Those authorities and constraints are reflected in each client wealth management agreement.

### Factors We Consider in Selecting Brokers

There are factors which are common to both Solaris Advisors and its affiliate when considering to select, recommend or utilize a broker-dealer for client transactions. These factors include the broker's financial strength, reputation, execution capabilities, pricing, research, access to markets and service among others.

### Benefits We Receive from Client Commissions

Solaris Advisors does not regularly invest directly in publicly traded equity or fixed income securities. However, when Solaris Advisors does trade on behalf of its clients it seeks competitive commission rates. The commissions and/or transaction fees charged by a broker-dealer may be higher or lower than those charged by other broker-dealers. SA does not receive any portion of the brokerage commissions and/or transaction fees charged to clients. SA does receive an indirect benefit from the brokerage that it places. In return for either directly effecting securities transactions through certain brokers or directing investment managers to trade through certain brokers, Solaris Advisors receives third-party research services which may directly or indirectly benefit clients. Those services assist Solaris in the investment decision making process for its consulting and wealth management activities. Brokerage commissions paid by a specific client and used to pay for any or all of such services may pay for services that are not used in managing that specific client's account.

### A General Description of Research Services We Obtain

Research, brokerage and related services may include written or electronically transmitted information and analyses concerning specific securities, companies, sectors, markets, managers and client portfolios; asset allocation, style and sector analysis and risk modeling; market, financial and economic data, including forecasts, statistics and pricing services, as well as software, databases and other news, technical and telecommunications services; and other third-party products and services authorized by our clients that assist Solaris Advisors in its consulting and wealth management activities.

### A Sampling of Actual Research Services

Currently, the following are some of the vendors that provide proprietary and/or independent third-party research, brokerage and related services that Solaris Advisors receives through the use of brokerage commissions: Informa Investment Solutions (PSN) Bloomberg Financial Markets and Barclays Capital, Inc.

### Mixed Use Services

In the case of services or products which are used in part in connection with the activities described above and in part for administrative functions, Solaris Advisors makes a good faith attempt to reasonably allocate the anticipated use of the product or service between research and administrative functions. Solaris Advisors uses brokerage commissions only for the portion of the product or service that is allocated to the brokerage and research functions discussed above.

Steps We Take to Determine Commissions Are Reasonable

The brokerage commissions and/or transaction fees charged by brokers are exclusive of, and in addition to, Solaris Advisors' consulting and wealth management fees and any fees charged by separate account managers, pooled funds and funds-of-funds. Although the commissions paid by Solaris Advisors' clients shall comply with its duty to obtain best net execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Solaris Advisors determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services it receives. In seeking best net execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best net qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates and responsiveness. Accordingly, although Solaris Advisors seeks competitive rates, they may not necessarily obtain the lowest possible commission rates for client account transactions.

Client Directed Brokerage

From time to time, a client may 1) direct Solaris Advisors to use a particular broker to execute transactions for its account or 2) indirectly direct the use of a particular broker by employing a custodian that requires that all trading must take place with that custodian/broker. For any such directed brokerage arrangements Solaris Advisors may not be able to obtain best execution for a variety of reasons. Commission charges will vary among clients. In addition, certain custodian/brokers may have rules which may further impair its ability to trade for the client's benefit. Clients are made aware that they may adversely affected by such direction and that the price obtained is likely to be different and frequently worse than the price that might otherwise be obtained.

Why We Do Not Aggregate Trades for Client Accounts

We make investment recommendations to each client solely in accordance with that client's needs and investment objectives. Every client gets the best investment ideas suited for that client, and no client is preferred over another client. Consequently, we believe that we avoid any activity that could result in an unfair or improper advantage or disadvantage among client accounts. Solaris Advisors does not regularly invest directly in any publicly traded equity or fixed income securities. Typically when we do invest in a publicly traded security, we would do so only at the client's direction. Clients make investment decisions separately and independent from one another and at different times. Accordingly, there is little or no opportunity for Solaris Advisors to aggregate client trades. There is no cost to clients of not aggregating trades. Since every client's investment decision is personal to that client, we may at times sell a position for one or more of our clients, while we continue to hold or buy a position for other clients.

Individual Client Investment Performance may Vary

Clients should be aware that investment performance will differ among clients depending upon, among other things, each client's individual investment needs and goals and other personal investment considerations, such as liquidity, taxes, risk tolerance or other investment constraints or objectives applicable to a particular client.

**MISCELLANEOUS**

In the event that the client requests that Solaris Advisors recommend a custodian for custodial services (exclusive of those clients that may direct the Solaris Advisors to use a specific custodian), Solaris



Advisors generally recommends that wealth management accounts be custodied at Charles Schwab & Co., Inc., or if the client prefers a bank, HSBC or Fiduciary Trust Company International, Qualified Custodians that are unaffiliated with and fully independent of Solaris Advisors. Prior to engaging Solaris Advisors to provide wealth management services, the client will be required to enter into a formal Wealth Management Agreement with Solaris Advisors setting forth the terms and conditions under which Solaris Advisors shall manage the client's assets. In the event that the client elects to engage a new Qualified Custodian of his/hers/its assets, the client will also be required to enter into a formal custodial agreement with the custodian that the client selects.

Factors that Solaris Advisors considers in recommending Schwab (or any other custodian to clients) include historical relationship with the Solaris Advisors, financial strength, reputation, execution capabilities, pricing, research, and service. The asset based or transaction fees charged by any custodian are exclusive of, and in addition to, Solaris Advisors' consulting and/or wealth management fees.

#### Research and Additional Benefits

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

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

Solaris Advisors' clients do not pay more for transactions effected and/or assets maintained at Schwab (or another custodian) as a result of this arrangement. There is no corresponding commitment made by Solaris Advisors to Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**Solaris Advisors' Chief Compliance Officer, Stephen Brent Wells, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

### **Item 13 – Review of Accounts**

#### Client Account Review and Reporting

Each wealth management account is reviewed on a continuous basis by the CIO, Ralph Sinsheimer and his staff and periodically, with respect to certain accounts, by Albert Bellas and Stephen Wells, the other senior managers of Solaris Advisors. Performance is typically reviewed quarterly or more frequently if

the client wishes, with each client by Messrs. Sinsheimer, Bellas, or Wells with respect to each of their clients as part of the client review process.

Each client periodically receives an investment report containing market valuation and other pertinent information about its account. However, clients may elect to receive their investment reports electronically, in addition to, or in lieu of written reports.

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

### Compensation to Third Parties for Client Referrals

Solaris Asset Management is not compensating third parties for referring clients to SAM for its investment management services.

### Other Compensation/Benefits We Receive

A discussed more fully in Item 12 above titled “Brokerage Practice,” in return for effecting securities transactions through brokers, Solaris Advisors may receive certain proprietary and/or independent third-party investment-related research and brokerage services which it uses in its investment process and which may directly or indirectly benefit clients and certain research and other services from Charles Schwab & Co., Inc. to better serve our clients.

## **Item 15 – Custody**

### Your Custody Account and Comparing It to Our Investment Reports

Solaris Advisors requires that clients contract with and maintain their own relationship with a reputable Qualified Custodian that is unaffiliated with and fully independent of Solaris Advisors. Clients’ custodian(s) hold clients’ separately managed and mutual fund assets and reports to client directly on a periodic basis. This separation of a client’s assets and of control between that client’s wealth manager, investment manager and its custodian provides an essential check and balance for clients. While Solaris Advisors reconciles client holdings with its custodian(s) on a daily basis to discover any differences between custodian(s)’s and its “books,” each client is strongly encouraged to compare both sets of statements and inquire about any differences. Clients should verify that they are receiving custodian statements for their accounts. If a client believes that it is not receiving them, the client should contact its custodian(s) directly.

For client investments in certain pooled funds such as limited partnerships, including hedge funds and fund-of-funds, each of the commingled vehicles represents that it employs for its security holdings an independent Qualified Custodian unaffiliated with Solaris. Investors in these investments receive annual audited financial statements prepared by the commingled vehicles’ independent auditors and in some circumstances periodic statements from the funds themselves. Clients are encouraged to check and compare these financial statements against their statements from each fund.

## **Item 16 – Investment Discretion**

### How We Exercise Investment Authority

Solaris Advisors’ wealth management agreement provides that Solaris Advisors design wealth plans and investment programs and recommend and implement for each client in accordance with each client’s

needs and investment objectives, an individualized asset allocation, sector and style weighting, a selection of investment managers, pooled investment funds and funds-of-funds including hedge funds and private equity funds. The agreement further provides for monitoring and detailed regular reporting to each client. In all cases we exercise investment authority consistent with the client's objectives and usually after seeking the client's informed acknowledgment. Clients may, but typically do not, place restrictions on our exercise of this discretion.

From time to time, SA may also provide investment consulting services to clients.

## **Item 17 – Voting Client Securities**

### Proxy Policy and Corporate Actions

Solaris Advisors relies on each client's investment managers to participate in corporate and class actions, if any, and to vote proxies for securities-related assets consistent with the investment manager's views as to the client's best economic interest. Solaris Advisors will not undertake to vote proxies and participate in corporate and/or class actions unless specifically directed to do so by the client.

## **Item 18 – Financial Information**

### This Item is Not Applicable to Solaris Advisors

Because (a) we do not charge fees six months or more in advance, (b) we do not have custody of client's assets, and we have no financial commitments that impair our ability to meet our contractual and fiduciary commitments to our clients, and (c) we have not been subject to a bankruptcy petition in the last 10 years, this Item 18 is not applicable to Solaris Advisors.