

# New Path Capital Advisors

An SEC Registered Investment Advisor

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## Form ADV Part 2A

Advisory Brochure

March 19, 2014

This brochure provides information about the qualifications and business practices of New Path Capital Advisors. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Mr. Kevin McDonald, at (970) 468-0654.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about New Path Capital Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

While the firm and its associates may be registered and/or notice filed with the SEC and other jurisdictions in which we conduct advisory activities, that registration does not imply an endorsement by any regulatory authority, nor imply a certain level of skill or training on the part of the firm or its associated personnel.

Item 1 – Cover Page

## **Item 2 - Material Changes**

The firm has amended its Form ADV Part 2 brochure from the previous version dated February 1, 2013 due to an update to its reportable assets under management as of its fiscal year end 12/31/2013 (Please see Item 4 - Advisory Business). Minor non-material editing and formatting refinements have been made to this brochure. There are no further material changes to disclose.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's Website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or you may contact our firm at (970) 468-0654.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

**Important Information:** Throughout this document, New Path Capital Advisors shall also be referred to as the "firm," "our," "we" or "us." These terms are utilized for the reader's ease of use while reviewing the brochure and are not meant to imply the firm is larger than it actually may be at the time of publication. The client or prospective client may also be referred to as "you," "your," etc., and refers to a client engagement involving a single *person* as well as two or more *persons*. The term "advisor" and "adviser" are used interchangeably where accuracy in identification is necessary (i.e., Internet address, etc.).

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**This brochure contains 21 pages and is not complete without all pages.**

## **Item 4 - Advisory Business**

### **Information about Our Firm**

New Path Capital Advisors is a Colorado-domiciled registered investment advisor that had been formed in 2006. Our firm is not a subsidiary of, nor do we control, another similar industry entity. In addition to our registration with the Securities and Exchange Commission, our firm and its associates may notice-file, register or meet certain exemptions to registration in other jurisdictions in which we conduct investment advisory business. Ronald Bristol, President, and Kevin McDonald, Chief Compliance Officer, are the main shareholders of our privately held company.

We embrace our role as a *fiduciary* to our clients, which requires our firm and its associates to place your interests first. As a fee-only firm, we do not share in commissions from the implementation of any specific recommendation we make.

The majority of our business activities involve providing ongoing and continuous supervision and advice with respect to the investment of our client's assets (termed *investment supervisory services*), and the remainder of our time and effort is oriented toward "non-securities advice" such as financial planning issues involving expense budgeting and savings, education, insurance, charitable and estate planning, among others. We do not sponsor or serve as a portfolio manager for any wrap fee investment programs.

### **Client Assets Under Management**

As of December 31, 2013, our firm had approximately \$74.3 million<sup>1</sup> dollars of client assets under management, all under discretionary account agreements (as defined in Item 16-Investment Discretion)

### **Our Services**

The process typically begins with a complimentary consultation during which our services are explained. It is during this meeting that we provide a copy of our ADV Part 2A and Privacy Policy, and you will receive an ADV Part 2B - Brochure Supplement (Advisory Personnel) from your investment advisor representative who is assisting you. The firm will also ensure any material conflicts of interest are disclosed regarding our firm and its associates that could be reasonably expected to impair the rendering of unbiased and objective advice. Additionally, should you wish to engage New Path Capital Advisors for its services, we must enter into a written agreement.

### **Financial Planning**

Our advice and financial planning services are intended to achieve your financial goals while taking into consideration your personal profile. Using client-specific financial information, we seek to gain comprehensive knowledge and provide advisory service consistent with your current financial position, understanding and acceptance of degrees of risk (including insurance review), comfort and knowledge about various investment vehicles, tax situation, retirement and other future financial goals and estate needs. Therefore, it is important that the information or financial statements you provide is accurate. We may, but are not obligated to, verify the information you have provided and will be used in the planning or advisory process.

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<sup>1</sup>The term "assets under management" and rounding to the nearest \$100,000 are as defined by the SEC's 2014 General Instructions for Part 2 of Form ADV.

**Broad-Based:** We will perform a detailed analysis of your financial profile, help you identify goals and objectives, and devise a plan that will help you meet those goals. Key planning areas include financial position (income, spending and net worth), risk management (measure investment risk, analyze insurance coverage and possible exposure), investment planning, tax planning, retirement planning and estate planning (asset control and distribution, tax issues). Using this financial plan, you will be able to adjust personal habits and decisions when necessary, as well as (if needed or desired) solicit professional assistance to achieve these financial targets. Our firm commits to deliver a written financial plan to each client in less than six months.

**Modular:** From time-to-time a current or new client will seek direction or advice related to one or more issues that fall under the expertise of a firm representative but they do not wish to receive a full written plan. When engaging our firm for modular services, when focus is only on certain areas of your interest, you must understand that your overall financial situation or objectives may not be fully addressed due to your established limitations.

Financial planning services are based upon the information you or your legal agent have disclosed to us, as well as your financial situation at the time the plan is presented. Further, it remains your responsibility to promptly notify our firm if there is any change in your financial situation or investment objectives so that we may review, evaluate, and possibly revise the previous recommendations and/or service.

You will retain full discretion over all implementation decisions and are free to accept or reject any recommendation we make.

### **Investment Supervisory Services**

We will review your broad-based situation and goals to recommend and implement long-term strategic and/or tactical asset allocation advice. As a basis for our recommendations, we utilize all available information related to your profile, including (but not limited to):

- Investment objectives
- Current and anticipated income
- Financial status
- Investment holdings
- Retirement and other future spending needs
- Tax situation and bracket
- Attitude toward investing in general
- Overall risk tolerances

Using this information, we will prescribe an allocation of investments that we feel best suits your profile, goals and objectives. The most typical investment vehicles employed by our firm are exchange-traded funds (ETFs), mutual funds, and individual common stocks.

Under certain circumstances, we may provide investment management services for a client that is served by another firm that is acting as the client's investment adviser. In that case, we only provide asset management services under a strategy prescribed by that client's investment adviser, who in its sole discretion (not ours) has recommended our firm's strategy as being suitable for their client.

Information about our investment strategy and selection of investment vehicles is further detailed in Item 8 of this document.

### **Customization of Our Advisory Services**

To the fullest extent possible, we will endeavor to tailor our advisory services to meet your specific needs. In order to determine a suitable course of action, we will perform a review of your financial circumstances and the review may include, but would not necessarily be limited to, investment objectives, consideration of your overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to your particular situation.

You are free to impose reasonable restrictions or other conditions with regard to how we provide our advisory services. If we agree to such restrictions and/or conditions, be advised that your restrictions and guidelines may affect the composition and performance of your portfolio. As a result, the performance of custom portfolios within the same investment objective may differ and you should not expect that the performance of a custom portfolio will be identical to any other portfolio performance, as well as any recommendations that may have been provided.

### **General Information**

We do not provide legal or accounting services. With your consent, we may work with your other professional advisors to assist with coordination and implementation of recommended strategies. You should be aware that these other advisors will bill you separately for their services and these fees will be in addition to those of our firm.

Our firm will use its best judgment and good faith effort in rendering its services; however, our firm and its associates cannot warrant or guarantee any particular level of account performance, that your account will be profitable over time, or that your financial planning goals will be met. Past performance is not necessarily indicative of future results.

Except as may otherwise be provided by law, our firm will not be liable to the client, heirs, or assignees for any loss that an account may suffer by reason of an investment decision made or other action taken or omitted in good faith by our firm with the degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; any loss arising from our adherence to your direction or that of your legal agent; or any act or failure to act by a service provider maintaining an account.

Notwithstanding the preceding, nothing within our client agreement is intended to diminish in any way our fiduciary obligation to act in your best interest, or in any way limit or waive your rights under federal or state securities laws or the rules promulgated pursuant to those laws.

### **Item 5 - Fees and Compensation**<sup>2</sup>

#### **Financial Planning Fees**

**Broad-Based Services:** We will generally quote a fixed fee for Broad-Based Services after a discussion with you to determine the depth and breadth of analysis needed.

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<sup>2</sup>New Path Capital Advisors reserves the right (but is not obligated) to assess a lower fee to its associates and related persons' accounts maintained by the firm through its selected custodian.

The fee for a financial plan will generally range from \$500 to \$2,000 depending on the complexity of the desired analysis, expenses related to communicating and obtaining data and feedback from you or your legal agent, and other cost factors. The fee will be agreed upon in advance and part or all of the fee may be collected before work on the plan commences. Remaining fees are collected in full upon delivery of the plan.

**Modular Services:** Generally, we determine the hourly charge and an agreement would be signed in advance of the consultation. The fee for this service would range between \$100 to \$300 per hour depending on the expertise/experience level of our representative and expenses related to the consult.

Services to be provided and the anticipated fee range are detailed in the written agreement. Fees for financial planning services are negotiable and at the discretion of our firm. Lower fees for comparable services may be available from other sources.

### **Investment Supervisory Services Fees**

We charge an advisory fee calculated as a percentage of the investment account value which will be clearly defined in each agreement. The fee will not exceed 2.00% (annualized) and is assessed on a quarterly basis, in advance, on those accounts for which we provide investment supervisory services.

Account values and associated fees are calculated based on the last business day of the previous quarter. Market values are generally determined by the selected service provider. In the absence of a market value, we may seek an independent third party opinion or a good faith determination by a qualified associate of our firm. Our investment supervisory services fees are negotiable at the discretion of the firm and lower fees for comparable services may be available from other sources.

We may, at our discretion, aggregate accounts (including multiple accounts) for the same individual or two or more "household accounts" within the same family, or accounts where a family member has power of attorney over an incompetent family member account. Should, however, investment objectives be substantially different for any two or more household accounts requiring different investment approaches, we reserve the right to apply our fee schedule separately to each account.

Our advisory fees are deducted automatically each billing period from your account held at a qualified service provider which will require you to provide authorization for this deduction within your signed agreement. The fee will be denoted on your account statement received from your assigned service provider and we will also send your service provider a notice each period of the fee to deduct.

If a third party is acting as an investment advisor for your account, that advisor may be billed by our firm, who will remit our advisory fee without a direct charge to your account.

Advisory fee client agreements are typically perpetual (i.e., no expiration or term date).

Further information about our fees in relationship to our business practices are noted in Item 12 of this document.

### **Other Additional Fees**

Specific product recommendations made by our firm usually involve "no-load" (i.e., no commission), if available, or low-load products.

In some cases, such as with certain mutual funds, there may not be a suitable selection of no-load products available for recommendation, however, neither our firm nor our associates will be paid a commission on your purchase.

Any transactional or custodial fees assessed by your selected broker/dealer or custodian (collectively, “service providers”), individual retirement account fees, or qualified retirement plan account termination fees are borne by the client and are as provided in the current, separate fee schedule of that service provider. Fees paid to our firm for services are separate from any charges you may pay for mutual funds, exchange-traded funds (ETFs) or other investments of this type. We do not receive “trailer” or SEC Rule 12b-1 fees from any investment company. Fees charged by issuers are detailed in prospectuses or product descriptions and you are encouraged to read these documents before investing. Our firm and its associates receive none of these described or similar fees or charges. In some cases, the client’s advisory fee charged by New Path Capital Advisors is reduced by the amount of such transaction costs.

### **Termination of Services**

Either the firm or you may terminate the service agreement at any time; typically in writing. Should you verbally notify New Path Capital Advisors of the termination and, if in two business days following this notification we have not received your notice in writing; we will make written notice of the termination in our records and will send you our own termination notice as a substitute.

If you are a new client, you may terminate an agreement with our firm within five business days after signing the services agreement without penalty or charge. Thereafter, any prepaid, unearned fees will normally be returned to you within 10 days of the notice.

For those clients who we provide investment supervisory services, our firm will not be responsible for future allocations, transactional services or investment advice upon receipt of a termination notice. Further, upon termination, it will be necessary that we inform the account custodian that the account relationship between the firm and the client has been terminated.

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

Our fees will not be based upon a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as “performance-based fees.” Performance-based compensation creates an incentive for a firm or their representatives to recommend an investment that may carry a higher degree of risk to a client. We do not use a performance-based fee structure because of the conflict of interest this type of fee structure poses.

Our fees will not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not; this type of arrangement, and the conflict of interest it may pose, does not conform to our firm’s practices.

### **Item 7 - Types of Clients**

We provide our services to individual investors, trusts, estates, foundations, other registered investment advisors, registered investment companies (i.e., mutual fund companies), and businesses of various scale to assist them in meeting their financial objectives in what is believed to be a cost-effective way.



Our ability to provide the best service and advice depends on access to information. Accordingly, our clients are expected to provide us with an adequate level of information and supporting documentation throughout the term of the engagement, including but not limited to source of funds; income level, client's (or their legal agent's) authority to act on behalf of the account, among other information. This helps us determine the appropriateness of our financial planning or investment strategy for the client or account.

It is very important that you keep us up-to-date on significant changes that may call for an update to your financial and investment plans. Events such as job changes, retirement, a marriage or divorce, or the purchase or sale of a home can have a tremendous impact on your circumstances and needs. If we are aware of such events, we can make the adjustments needed to your plan or advice in order to keep you on track toward your goals.

There is no minimum account size or minimum income requirement for financial planning services. Our fixed fees may be impractical for smaller accounts, therefore, an hourly assessment may be employed. We do require a minimum account value of \$100,000 for opening a new investment supervisory services relationship with our firm.

We reserve the right to waive or reduce certain fees based on unique individual circumstances, special arrangements, pre-existing relationships or as otherwise may be determined by any investment advisor representative. We also reserve the right to decline services to any prospective client for any non-discriminatory reason.

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

### **Method of Analysis**

We employ what we believe to be an appropriate blend of fundamental, technical, charting, and cyclical analyses. Fundamental analysis involves using data to evaluate a security's intrinsic value. For example, fundamental analysis of a bond's value could involve evaluating economic factors including interest rates, the current state of the economy, and information about the bond issuer's credit ratings. Fundamental analysis of a stock takes into account revenues, earnings, future growth, return on equity, profit margins and other data to evaluate a company's value and its potential for future growth.

Technical, cyclical and charting analyses involve studying the historical patterns and trends of securities, markets, or economies as a whole in an effort to determine potential future behaviors. These methods are based upon analyzing statistics generated by market activity, such as past prices and trading volume, among others.

In addition to our own research, the firm's recommendations may also be drawn from research sources that include financial publications, investment analysis and reporting software, materials from outside sources, annual reports, prospectuses and other regulatory filings, and company press releases.

We make asset allocation and investment policy decisions based on these and other factors. We will discuss with you how, in our best judgment, to meet your objectives while at the same time seeking a prudent level of risk exposure.

## Investment Strategies

There are two main concepts that shape how we design and manage clients' investment portfolios:

#1 - Risk is best managed splitting a portfolio into fixed income and equity components. Fixed Income (interest paying) investments provide a stable core that won't fluctuate dramatically in terms of market value and will pay consistent interest or dividends. Equity (company ownership) is generally more volatile in market price but often can provide greater opportunity for higher returns than fixed income. Adjusting the proportion of these components is the primary method we use to match your portfolio's risk to your tolerance of risk.

#2 - The best way to maximize the return in an equity portfolio is by moving into asset classes that are performing well and out of those that are not. Industry research – and some of our own – provides strong indication that being able to identify and invest in the right categories of stocks at the right time is more beneficial than maintaining a static asset allocation. In other words, it is better to get out of a poor performing category than to try to pick stocks that will outperform that category.

We use the following general principles when implementing and managing clients' portfolio:

**Fixed Income** – The majority of this portion is put into mutual funds or ETFs investing in a combination of US Government and High Quality Corporate bonds. Smaller allocations may be made to High Yield, International, and Strategic Income funds.

**Equity** – Our Actively Managed Allocation Strategy (AMAS) uses a proprietary quantitative process of determining over- and under-performing asset classes. We then use index-based securities (typically ETFs) to invest in desired categories. New Path Capital Advisors generally uses this strategy to fulfill the client's entire equity allocation by utilizing either our mutual fund or (for larger accounts) a separately managed account. We will provide additional information about our equity strategy, including historical performance, upon request.

## Risk of Loss

While we believe our strategies and investment recommendation are designed to potentially produce the highest possible return for a given level of risk, we cannot guarantee that an investment objective or planning goal will be achieved. As an investor you must be able to bear the risk of loss that is associated with your account, which may include the loss of some or all of your principal. In general, risks may include market, currency, interest rate, liquidity, operational or political risk, among others.

When our research and analyses is based upon commercially available software, rating services, general market and financial information, or due diligence reviews, we are relying upon the accuracy and validity of the information or capabilities being provided by selected vendors, rating services, market data, and the issuers themselves. We make a reasonable effort to determine the accuracy of the information received but we cannot predict events, actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice to a client or account.

Portfolio strategies that involve aligning with a benchmark, such as the S&P 500, have the potential to be affected by "active risk" or "tracking error risk;" defined as the risk of a deviation from the stated benchmark.

In these instances, we may recommend reducing the weighting of a holding; utilize active satellites (other holdings), or employing a “replicate index” mutual fund(s) or ETF(s) as part of a core holding to minimize the effects of the tracking error in relation to the overall portfolio.

More active management strategies may at times outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or “turnover” within an account. This may result in shorter holder periods, higher transactional costs and/or create taxable events that will be borne by the investor, thereby potentially reducing or negating certain benefits that may be derived by shorter term investing.

When employing an efficient markets strategy, we will want to consider the potential risk that the overall allocation may generate lower-than-expected returns than that from a specific asset, and that the return on each type of asset is a deviation from the average return from the asset class. We believe this variance from the “expected return” is generally low under normal market conditions if the portfolio is made up of diverse, non-correlated assets, which will we monitor and recommend adjusting when appropriate.

### **Security-Specific Material Risks**

*Equity (Stock) Market Risk* – Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of the company who issued the stock. If an investor held common stock, or common stock equivalents, of any given company, they would generally be exposed to greater risk than if they held preferred stock and/or debt obligations of the company.

*ETF and Mutual Fund Risk* – ETFs or mutual funds (as well as exchange-traded notes, or ETNs) may carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. The risk of owning an ETF/ETN or mutual fund also generally reflects the risks of their underlying securities.

*Fixed Income Risks* – Various forms of fixed income instruments, such as bonds, money market funds, bond funds, and certificates of deposit, may be affected by various forms of risk, including:

- *Interest Rate Risk* - The risk that the value of the fixed income holding will decrease because of an increase in interest rates.
- *Liquidity Risk* - The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading on any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.
- *Credit Risk* - The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as “default risk.” Credit risk may also occur when an issuer’s ability to make payments of principal and interest when due is interrupted.

This may result in a negative impact on all forms of debt instruments, as well as funds or ETF/ETN share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.

- *Reinvestment Risk* – With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.
- *Duration Risk* - Duration is a measure of a bond's volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.

*Index Investing* – ETFs/ETNs and indexed funds have the potential to be affected by “tracking error risk,” as earlier described in the passage. In these instances, we may choose to reduce the weighting of a holding or use a “replicate index” position as part of the core holding to minimize the effects of the tracking error in relation to the overall portfolio.

*QDI Ratios* – While many ETFs/ETNs and index mutual funds are known for their potential tax-efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be part of an ETF/ETN or mutual fund portfolio), may be considered “non-qualified” under certain tax code provisions. We consider a holding's QDI when tax-efficiency is an important aspect of the client's portfolio.

#### **Item 9 - Disciplinary Information**

Neither the firm nor any member of its management has been involved in a material criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our firm's advisory business or the integrity of our firm.

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

Our policies require our firm and its associates to conduct business activities in a manner that avoid or appropriately mitigate conflicts of interest between the firm, its associates, and our clients, or that may be contrary to law. We will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest that might reasonably compromise our impartiality or independence.

Neither our firm nor a member of its management is, or has a material relationship with any of the following types of entities:

- broker/dealer, municipal securities dealer, or government securities dealer or broker;
- other investment advisor\* or financial planner;
- futures commission merchant, commodity pool operator, or commodity trading advisor;
- banking or thrift institution;
- accountant or accounting firm;

- lawyer or law firm;
- insurance company or agency;
- pension consultant;
- real estate broker or dealer;
- sponsor or syndicator of limited partnerships; or
- pooled investment vehicle (such as private investment company or “hedge fund”).

\*New Path Capital Advisors serves as the advisor to its own investment company security, the *New Path Tactical Allocation Fund*. Further details about this fund and how the firm is compensated may be found in the fund’s prospectus and Statement of Additional Information (SAI). Current versions may be downloaded from the SEC’s website at <http://www.sec.gov/edgar/searchedgar/companysearch.html>.

Upon your request, we may provide referrals to various professionals, such as an attorney or accountant. We do not have an agreement with or receive fees from these professionals for these informal referrals. Any fees charged by these other entities for their services are completely separate from fees charged by our firm.

#### Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

We generally do not provide recommendations to or make selection of third party registered investment advisor firms for your account.

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

##### Code of Ethics

New Path Capital Advisors and our associates adhere to strict standards of professional ethics and conduct. As an investment advisor, we understand the high level of fiduciary responsibility demanded by the industry, its regulators and our clients, and we accept that responsibility. We commit to adherence to all the rules and regulations set forth in the Investment Advisers Act of 1940, as well as state and federal laws.

To do so, our firm and our associates seek to understand each client's individual profile and objectives and to act accordingly in a way that targets that specific client's situation. We will act in good faith with all clients and will uphold just and equitable trade practices.

Our associates will not make statements that are misleading, deceptive, inaccurate or that omit material facts. They will not make guarantees regarding an investment's future performance, nor will they recommend speculative investments that are inconsistent with a client's profile and their ability and/or desire to accept the applicable level of risk.

We will maintain a confidential relationship with past and present clients, including financial and personal information and past dealings and transaction history.

Our policies also include prohibitions against insider trading, circulation of industry rumors, certain political contributions, among others.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to our Code of Ethics at least annually.

*Our firm will provide a copy of its Code of Ethics to any client or prospective client upon request.*

#### Participation or Interest in Client Transactions

Neither our firm, associates or any related person is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc., without full disclosure and with the assurance that such activities are in accordance with firm policy and securities industry regulation.

Our employees are prohibited from borrowing from or lending to a client unless the client is an approved financial institution.

We recognize that should we act as the advisor to the sponsor of an ERISA-qualified retirement plan (i.e., 401(k) or pension plan) and one of our associates serves in an advisory capacity to one or more of the plan's participants, a potential or implied conflict of interest may occur. We may require our associate to cease in this plan participant advisory capacity or, upon disclosure to and approval from the plan sponsor, allow the dual advisory role to continue with consideration being made to offset participant fees where appropriate.

Our firm provides both financial planning and investment supervisory services, to include similar supervisory services to the *New Path Tactical Allocation Fund*, where we may be paid a fee for all of these services. Due to our firm's ability to offer these services, a potential conflict of interest may exist. Therefore, you are under no obligation to act upon our recommendations and, if you elect to act on any of our recommendations, you are under no obligation to effect each of them through our firm or any recommended service provider.

#### Personal Trading

Our firm and its "related persons" (associates, their immediate family members, etc.) may buy or sell securities the same as, similar to, or different from, those we recommend to our clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time, however, will our firm or any related party receive preferential treatment over our clients.

In an effort to reduce or eliminate certain conflicts of interest involving personal trading, our policy may require that we restrict or prohibit associates' transactions in specific securities transactions. Any exceptions or trading pre-clearance must be approved by the firm's Chief Compliance Officer in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

#### **Item 12 - Brokerage Practices**

New Path Capital Advisors does not maintain custody of any of your assets (Please see Item 15-Custody).

Your assets must be maintained in an account at a “qualified custodian” (generally a broker/dealer or bank) that is frequently assessed for its capabilities to serve as a custodian by their respective industry regulatory authority. Our firm is not a custodian nor do we have an affiliate that is a custodian.

We may recommend you continue to hold assets at the service provider with whom your assets are currently maintained. Should you prefer a new service provider, our recommendation of another service provider will be based on your needs, overall cost, and ease of use. When we are engaged to provide investment supervisory services for an account, we typically recommend the institutional services division of Charles Schwab & Co., Inc. (“Schwab”) and they will act as your custodian and will hold your assets in a brokerage account in your name, and buy and sell securities when we instruct them. Schwab is a member firm<sup>3</sup> of the Financial Industry Regulatory Authority (FINRA), the National Futures Association (NFA), and the Securities Investor Protection Corporation (SIPC). New Path Capital Advisors and Schwab are not affiliated entities.

While we recommend that you use Schwab as your service provider, you must decide whether to do so and your account with Schwab will be entered into via an account agreement directly with them. We technically do not open the account for you, although we will assist you in doing so. If you do not wish to place your assets with Schwab, then we potentially may not be able to manage your account under our investment supervisory services engagement.

The institutional platform services Schwab provides us and other investment advisors include, among others, brokerage, custody, and other related services. Schwab services assist us in managing and administering clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide limited research, securities pricing and other market data;
- facilitate payment of fees from clients' accounts;
- online document storage of client accounts held at Schwab; and
- assist with certain back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help the firm manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, industry publications, access to educational conferences and webinars, access to other third-party service providers that provide a wide array of business-related services and technology with whom the firm may directly contract. Many of Schwab's services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our firm maintains a collective minimum asset level with Schwab.

Schwab provides our firm with these brokerage and research products and services and they may qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934.

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<sup>3</sup>New Path Capital Advisors and its associates are not a FINRA, NFA or SIPC member firm due to industry membership guidelines. You may learn more about the SIPC and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.



The availability of these services from Schwab benefits us because we do not have to separately produce or purchase them. We may not be required to pay for these services as long as our clients maintain assets in accounts with Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. This remains a potential conflict of interest but we believe our selection of Schwab as custodian is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services to our clients, and not Schwab's services that benefit only our firm.

We periodically conduct an assessment of any service provider we recommend, including Schwab, which typically includes a review of their range of services, reasonableness of fees, among other items, and in comparison to their industry peers.

#### Best Execution

Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed in the previous section. We recognize our obligation in seeking "best execution" for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected service provider's transactions represent the best "qualitative" execution while taking into consideration the full range of services provided. Therefore, we will seek services involving competitive rates but it may not necessarily result in the lowest possible rate for each transaction. We have determined that having Schwab execute our trades is consistent with our duty to seek "best execution."

We periodically review policies regarding our recommending service providers to our clients in light of our duty to seek "best execution."

#### Directed Brokerage

We do not require or engage in directed brokerage activities involving our transactions for our client's accounts in which we provide our advisory services.

You may direct our firm to use another particular broker-dealer or custodian to execute some or all transactions for your account. In these circumstances, you will be responsible for negotiating, in advance, the terms and/or arrangements for your account with your selected service provider.

We will not be obligated to seek better execution services or prices from these other service providers or able to aggregate your transactions, should we choose to do so, for execution through other custodians with orders for other accounts managed by our firm. As a result, you may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices, on transactions for your account than would otherwise be the case.

Pursuant to our obligation of best execution, we may decline a request to direct brokerage if we believe any directed brokerage arrangement would result in additional operational difficulties or risk to our firm.

#### Trade Errors

The firm corrects all trade errors through a Trade Error Account maintained by the firm's custodian, and the firm will be responsible for any losses in accounts.



Likewise, the firm may also receive any gains resulting from the correction of any trade errors and, therefore, may potentially receive a benefit from this arrangement.

#### Client Referrals

All compensation paid to our firm is paid directly by our clients and, therefore, we do not receive additional compensation when our clients engage a recommended custodian or any other service provider.

#### Trade Aggregation

Generally, our client transactions or orders will be "aggregated" or "batched" in a single security for several clients at approximately the same time. We may (but are not obligated to) aggregate orders in an attempt to obtain best execution, negotiate favorable transaction rates, or to allocate equitably among our client accounts. In certain situations, we may execute individual purchase or sales of securities when deemed necessary for a particular account, which may result in a higher transaction cost or greater price spread.

Should we aggregate orders, transactions will generally be averaged as to price and allocated among each client on a pro-rated basis on any given day and we will attempt to do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.*

Client accounts where trade aggregation is not allowed or infeasible may potentially be assessed higher transaction costs than those that are batched.

We review both our trade aggregation procedures and allocation processes on a periodic basis to ensure they remain within stated policies and regulation. We will inform you, in advance, should our trade aggregation and allocation practices change at any point in the future.

### **Item 13 - Review of Accounts**

#### **Financial Planning Services**

You may contact our firm for additional reviews when there are material changes that occur in your financial situation (i.e., loss of a job, early retirement, receipt of a significant bonus, an inheritance, the birth of a new child, or other circumstances).

Periodic financial check-ups or reviews are recommended if you are receiving our financial planning services. We recommend that they occur on an annual basis whenever practical.

Reviews will be conducted by your assigned financial advisor and normally involve analysis and possible revision of your previous financial plan or investment allocation.

These reviews are generally under a new or amended agreement and will be assessed at our current hourly or fixed fee rate.

#### **Investment Supervisory Services**

Our investment supervisory services accounts are periodically reviewed throughout the year by the assigned associate as well as our compliance personnel.

Additional account reviews may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector.

Accounts may be reviewed when being considered for an additional holding or an increase in a current position.

Cash levels above or below that deemed appropriate for the investment environment, given a client's stated risk tolerance, may also trigger a review.

### **Reports and Frequency**

If you have opened and maintained an investment account on your own or with our assistance, you will receive account statements sent directly from mutual fund companies, transfer agents, custodians or brokerage companies where your investments are held.

We may provide portfolio reports if we are engaged to provide periodic asset allocation or investment advice; however, we do not provide ongoing performance reporting under our financial planning services engagements.

For our investment supervisory services accounts, we may provide quarterly portfolio statement and position performance summary reports, and annual realized gains/loss reports for taxable accounts. Some of our clients may receive additional reports depending on their specific requirements.

All performance reports will be prepared in accordance with the appropriate regulatory guidance.

Clients are urged to carefully review and compare account statements that they have received directly from their service provider with any report received from our firm.

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

#### **Economic Benefit from External Sources and Potential Conflicts of Interest**

As part of our fiduciary duty New Path Capital Advisors endeavors at all times to put the interests of our clients first. Our clients should be aware, however, that the receipt of any economic benefit by our firm or its associates in and of itself creates a potential conflict of interest and may indirectly influence our choice of Schwab for its custody and brokerage services. Our receipt of the noted additional services in Item 12 from Schwab raises potential conflicts of interest and, in providing these additional services to our firm, Schwab most likely considers the amount and profitability to Schwab of the assets in, and trades placed for, our firm's client accounts maintained with Schwab. Consequently, in order to continue to obtain the additional services from Schwab, our firm may have an incentive to recommend to its clients that the assets under management by New Path Capital Advisors be held in custody with Schwab and to place transactions for client accounts with Schwab. Our receipt of these additional services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

### Economic Benefit from Internal Sources and Potential Conflicts of Interest

A similar incentive and inherent conflict of interest exists with our recommending a client invest in our own *New Path Tactical Allocation Fund* as a portfolio holding since the firm and the portfolio may possibly receive a greater percentage of the asset-based fee or an indirect benefit from any employee performance-based salary or bonus. In light of this potential conflict of interest, the firm will ensure it utilizes the same due diligence and selection/termination criteria for each portfolio manager, including its own, in addition to further scrutiny by compliance and supervisory staff of the fund's activities to ensure appropriate portfolio selection, fees and other compensation meet within the account investment policy statement, firm procedures, and regulatory guidelines.

### Client Referrals from/to Other Parties

Our firm has entered into a third-party marketing relationship with WhiteStone Global Partners ("WhiteStone"), wherein WhiteStone solicits other investment advisors and wealth management companies to engage our firm involving our investment strategies or services. Our firm pays WhiteStone a percentage not to exceed 30% of our asset-based fee from such referrals. Clients that are referred to our firm under this arrangement do not pay more for their services than any other.

We may provide referrals to various other professionals, such as an attorney or accountant, as a service to our clients. We do not have an agreement with or receive referral fees from these professionals for these informal referrals. Any fees charged by these other entities are completely separate from fees charged by New Path Capital Advisors.

### Item 15 - Custody

All client funds and securities will be maintained by an unaffiliated, qualified custodian, such as a bank, broker/dealer, mutual fund companies, or transfer agent. Your assets are not held by our firm or any of our associates. In keeping with our policy of not having custody of our client funds or securities, we:

- Restrict our firm and its associates from acting as trustee of a non-family member account or having full power of attorney over an individual client account.
- Are prohibited from having authority to withdraw securities or cash assets from a client account, other than for payment of our advisory fees or transaction settlement. These actions will be accomplished through a qualified custodian maintaining your assets (i.e., your custodian), pursuant to a written agreement, or an unaffiliated transaction service provider, and always following your approval.
- Do not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm.
- Will not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future.
- Will not authorize any associate to have knowledge of a client's account access information (i.e., online 401(k), brokerage or bank accounts), even for the convenience or accommodation of the client or their legal agent when such access might result in physical control over client assets.

You will be provided with transaction confirmations and summary account statements provided directly to you by your selected service provider. Typically, these statements are provided on a monthly or quarterly basis, or as transactions occur. We will not create a statement for you nor be the sole recipient of account statements.

You may receive periodic reports from our firm that may include investment performance information. You are urged to carefully review and compare your account statements that you have received directly from your service provider with any report you receive from our firm.

#### **Item 16 - Investment Discretion**

Generally, we provide investment supervisory services to our clients via a discretionary account agreement. This is similar to a limited power of attorney and allows our firm to implement investment decisions, such as buys or sells of securities, on behalf of your account without your prior authorization in order to meet account objectives.

Should you desire your account to be managed in a non-discretionary manner, thereby restricting execution of any or all transactions to occur following your approval, we may either terminate the account or continue to manage your account under a higher asset-based fee due to increased operational costs. Further, before we are able to implement an investment decision on behalf of your non-discretionary account, such as a purchase or sale of a security, you must grant our firm the authority to do so and, therefore, you must make yourself available and keep our firm apprised of your current contact information so that transaction instructions can be efficiently completed on your behalf.

*By definition and absent your written instruction to the contrary, non-discretionary account transactions do not involve a trade execution's price or time.*

We do require account restrictions, limitations, and rescissions to be made in writing by each client, and approved in writing by our Chief Compliance Officer. We will maintain a record of these requests and they will be retained per regulation.

#### **Item 17 - Voting Client Securities**

##### **Proxy Voting**

If you request us to do so and it is noted in your executed agreement, we will vote proxies for securities held within your account. Proxies will be voted in what we believe to be your best interest and in accordance with our current firm proxy voting policy.

We may choose to employ the services of an independent proxy voting service to provide research, guidelines, recommendations and other proxy voting services as needed. In these instances and absent a determination by our firm to override the independent provider's recommendation, your proxies will be voted in accordance with those recommendations.

Our firm has implemented procedures designed to prevent conflicts of interest from influencing proxy voting decisions. These procedures include information barriers and the use of an independent party when required to assist in the proxy voting process.

*Our firm's proxy voting policy is available upon your request.*

### Other Corporate Actions

We will have no power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

### Firm's Receipt of Materials

If our firm receives correspondence relating to the voting of your securities, class action litigation, or other corporate actions, we will forward the correspondence to your address of record or to another entity such as your attorney, if you direct us to do so.

## **Item 18 - Financial Information**

### Balance Sheet

With the exception of our having the ability to withdraw our advisory fees through the services of a qualified, unaffiliated third party and per your prior written authorization, we will not have custody of your assets (as described in Item 15). This includes our policy of not collecting fees from you of \$1,200 or more for services we will perform six months or more in advance.

Due to the nature of our firm's services and operational practices, an audited balance sheet is not required nor included in this brochure.

### Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

The firm and its management do not have a financial condition likely to impair our ability to meet our commitment to our clients.

### Bankruptcy Petitions during the Past 10 Years

The firm and its management have not been the subject of a bankruptcy petition at any time during the past 10 years.

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

This section is reserved for state-registered investment advisors and is not applicable to our firm.

### ***Business Continuity Plan***

Our firm maintains a business continuity plan that is integrated with the entirety of our organization to ensure we appropriately respond to events that pose a significant disruption to its operations. A statement concerning our current plan is available under separate cover.