

Three Bell Capital LLC

Firm Brochure - Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Three Bell Capital LLC. If you have any questions about the contents of this brochure, please contact us at (650) 843-9836 or by email at: jon@three-bell.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.

Additional information about Three Bell Capital LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Three Bell Capital LLC's CRD number is: 159736

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Registration does not imply a certain level of skill or training.

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Item 2: Material Changes

The material changes in this brochure from the last annual updating amendment of Three Bell Capital LLC on 1/23/2014 are described below. This list summarizes changes to policies, practices or conflicts of interests only.

- Three Bell Capital LLC has changed its fee schedule (Item 5.A)
- Three Bell Capital LLC has transitioned from state-level registration to registration with the U.S. Securities and Exchange Commission.

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Item 4: Advisory Business

A. Description of the Advisory Firm

Three Bell Capital LLC is a Limited Liability Company organized in the state of California.

This firm has been in business since November of 2011, and the principal owners are Jonathan H. Porter, Eric C. Patterson, Sean K. Snyder, and Andre E. Huaman.

B. Types of Advisory Services

Three Bell Capital LLC (hereinafter "TBC") offers the following services to advisory clients:

Investment Supervisory Services

TBC offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. TBC creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

TBC evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. TBC will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client. TBC offers financial planning services that are included in the quarterly management fees and do not cost anything additional.

Services Limited to Specific Types of Investments

TBC generally limits its money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, hedge funds, REITs, and government securities. TBC may use other securities as well to help diversify a portfolio when applicable.

C. Client Tailored Services and Client Imposed Restrictions

TBC offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. TBC DOES NOT participate in any wrap fee programs.

E. Amounts Under Management

Discretionary Assets Under Management: \$74.44M

Non-Discretionary Assets Under Management: \$41.10M

TOTAL Assets Under Management: \$115.84M

Item 5: Fees and Compensation

A. Fee Schedule

Investment Supervisory Services Fees

Total Assets Under Management	Annual Fee
\$1 - \$9,999,999	1.00%
\$10,000,000 - \$19,999,999	0.75%
\$20,000,000 and Above	0.50%

These fees are negotiable depending upon the needs of the client and complexity of the situation, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in arrears based upon average daily balance, and

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clients may terminate their contracts with written notice to TBC. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization. Lower fees for comparable services may be available from other sources.

B. Payment of Fees

Payment of Investment Supervisory Fees

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears based on average daily balance. Advisory fees may also be invoiced and billed directly to the client quarterly in arrears based on average daily balance. Clients may select the method in which they are billed.

C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by TBC. Please see Item 12 of this brochure regarding broker/custodian.

D. Prepayment of Fees

TBC collects its fees quarterly in arrears based upon average daily balance. It does not collect fees in advance.

E. Outside Compensation For the Sale of Securities to Clients

TBC does not accept commissions or other outside compensation for the sale of securities to Clients.

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

TBC does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

TBC generally provides management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Corporate Retirement Plans

Minimum Account Size

There is no account minimum.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

TBC's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

Charting analysis involves the use of patterns in performance charts. TBC uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Technical analysis involves the analysis of past market data; primarily price and volume.

Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Investment Strategies

TBC uses long term trading, short term trading, short sales, margin transactions, and options writing (including covered options, uncovered options, or spreading strategies).

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold : 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, short sales, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

TBC generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize short sales, margin transactions, and options writing. Short sales, margin transactions, and options writing generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies.

Mutual Funds: Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

Equity investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

Treasury Inflation Protected/Inflation Linked Bonds: The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

Fixed Income is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

Debt securities carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

Stocks & Exchange Traded Funds (ETF): Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

REITs have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Short term trading risks include liquidity, economic stability and inflation.

Short sales risks include the upward trend of the market and the infinite possibility of loss.

Margin transactions use leverage that is borrowed from a brokerage firm as collateral.

Options writing involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Jonathan H. Porter, Sean K. Snyder and Sao Mai Tran are registered representatives of Emerson Equity LLC.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither TBC nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Private Placement Transactions: Jonathan H. Porter, Sean K. Snyder and Sao Mai Tran are registered representatives of Emerson Equity LLC. From time to time, they will work with Clients to sell privately held company securities to institutional buyers in private placement transactions. In such cases, Emerson Equity charges the institutional buyers a commission above the net purchase price of the securities provided to the Client upon completion of the sale, and Jonathan H. Porter, Sean K. Snyder and Sao Mai Tran as registered representatives of Emerson Equity LLC, receive a portion of those commissions.

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TBC does not accept any commissions in conjunction with the provision of private wealth management services that do not involve the sale of such securities in such private placement transactions. Clients who engage TBC for *both* private placement transactions *and* private wealth management services, should be aware that the private placement transaction services pay a commission and involve a conflict of interest, as commissionable services conflict with the fiduciary duties of a registered investment adviser. TBC always acts in the best interest of its Clients and Clients are in no way required to sell securities or implement any financial planning through any representative of TBC in their capacity as a registered representative.

Jonathan H. Porter is a licensed insurance agent. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. TBC always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to purchase such services or products through any representative of TBC in such individual's outside capacities.

All material conflicts of interest under Section 260.238 (k) of the California Corporations Code are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

From time to time as it in its discretion deems appropriate, TBC will utilize or select third party managers in the form of separately managed accounts ("SMA's") to manage certain portions of Client portfolios. In such cases, TBC monitors these SMA's in the same manner as it does assets that TBC invests directly. All other assets are managed by TBC management.

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

A. Code of Ethics

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and

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Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

TBC does not recommend that clients buy or sell any security in which a related person to TBC or TBC has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of TBC may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of TBC to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. TBC will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of TBC may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of TBC to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. TBC will always transact client's transactions before its own when similar securities are being bought or sold.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

The Custodians, Schwab Institutional, a division of Charles Schwab & Co., Inc., (CRD # 5393), TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA (CRD # 5633) and Fidelity Brokerage Services LLC, CRD # 7784, were chosen based on their relatively low transaction fees and access to mutual funds, stocks, bonds and ETFs. TBC will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

1. Research and Other Soft-Dollar Benefits

TBC receives research, products, or other services from its broker/dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that TBC must meet in order to receive free research from the custodian or broker/dealer. There is no incentive for TBC to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. However, because this firm does not have to produce or pay for services or products it has an incentive to choose a custodian that provides those services based on its interests rather than the clients' interests. The first consideration when recommending broker/dealers to clients is best execution. TBC always acts in the best interest of the client.

2. *Brokerage for Client Referrals*

TBC receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. *Clients Directing Which Broker/Dealer/Custodian to Use*

TBC will not allow clients to direct TBC to use a specific broker-dealer to execute transactions. Clients must use TBC recommended custodian (broker-dealer).

B. Aggregating (Block) Trading for Multiple Client Accounts

TBC maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing TBC the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Client accounts are reviewed at least weekly by Jonathan H. Porter, CEO; Eric C. Patterson, Managing Partner; Sean K. Snyder, Managing Partner; or Andre Huaman, Partner (collectively, the "Advisors"). The Advisors work together collaboratively and collectively on each Client account. Eric C. Patterson is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at TBC are assigned to these reviewers.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by one of the Advisors. There is only one level of review and that is the total review conducted to create the financial plan.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client will receive at least quarterly from the custodian a written report that details the client's account including assets held and asset value which will come from the custodian.

Clients are provided an initial investment plan and TBC utilizes forward looking financial planning software to provide clients a framework for ongoing implementation and monitoring of the investment plan. The financial planning is included in the TBC investment advisory fees outlined in Item 5.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

TBC does not receive any economic benefit, directly or indirectly from any third party for advice rendered to TBC clients.

B. Compensation to Non - Advisory Personnel for Client Referrals

TBC compensates certain third parties for Client referrals where TBC provides investment advisory services to a Client as a result of the third party's introduction. These third parties are entities with whom TBC has substantial and ongoing interactions and who provide complementary non-competing services to TBC Clients. TBC encourages Client referrals from its trusted strategic partners because it believes that doing so reduces time spent on outbound marketing and business development, leaving more time for servicing existing Clients. TBC compensates the following entities: Costello & Sons Insurance, EquityZen & PENSCO.

Item 15: Custody

TBC, with client written authority, has limited custody of client's assets through direct fee deduction of TBC's Fees only. If the client chooses to be billed directly by Schwab Institutional, a division of Charles Schwab & Co., Inc., (CRD # 5393), TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA (CRD # 5633) or Fidelity Brokerage Services LLC, CRD # 7784, TBC would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Item 16: Investment Discretion

For those client accounts where TBC provides ongoing supervision, the client has given TBC written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides TBC discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

Item 17: Voting Client Securities (Proxy Voting)

TBC will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

TBC does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither TBC nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

TBC has not been the subject of a bankruptcy petition in the last ten years.

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