

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



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This brochure provides information about the qualifications and business practices of Questis Portfolio Partners, LLC ("Questis Portfolio" or the "firm" or "we"). If you have any questions about the contents of this brochure, please contact us at (855) 843-5233 or at [info@questisportfolio.com](mailto:info@questisportfolio.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Questis Portfolio is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Questis Portfolio is 168729.

**Item 2. Material Changes**

We have the following material changes since this Brochure was originally filed on August 16, 2013:  
Questis Portfolio Partners is in the process of withdrawing its investment adviser registration and is no longer accepting new clients.

### Item 3. Table of Contents

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#### **Item 4. Advisory Business**

Questis Portfolio Partners, LLC is registered as an investment adviser with the U.S. Securities and Exchange Commission. Its principal place of business is located in Charleston, South Carolina.

Stephen P. Wilbourne, Founder and Chief Executive Officer, is the firm's principal shareholder (i.e., controlling 25% or more of Questis Portfolio).

Questis Portfolio is an Internet-based investment adviser that provides discretionary portfolio management of client accounts through the website [www.questisportfolio.com](http://www.questisportfolio.com).

The Questis Portfolio software uses the concepts of Modern Portfolio Theory to create and manage a variety of model portfolios, each of which is designed to meet a particular level of risk, investment time frame, financial goal (for example, growth or income) and/or investment strategy (for example, growth or value). The portfolios consist of open-end, no-load mutual funds and exchange-traded funds (ETFs) that mirror or closely follow established market indices and have low expenses. Our investment recommendations are not limited to any specific product or service offered by a broker-dealer, investment company or insurance company. The mutual funds and ETFs used will come primarily from fund families such as Dimensional<sup>1</sup> and Vanguard<sup>2</sup>. Accounts with less than \$100,000 will typically consist of ETFs only, in an effort to keep trading costs at an appropriate level.

Clients using the website input information about their personal investment situations including, but not limited to, whether the account is or is not taxable, as well as the client's financial goals, investment experience, and attitudes toward risk. A Questis Portfolio representative will then contact the client to review the information provided and to address any questions the client may have. Based on this information, Questis Portfolio's proprietary software will then identify the model that is most closely aligned with the client's stated goals and risk profile. Once the client has approved the model, Questis Portfolio, following the purchase, sale and rebalancing instructions provided by the proprietary software, will continuously manage the client's assets.

Clients have the opportunity to place reasonable restrictions on the types of investments held in their account. These restrictions are captured and monitored through our web-based system. However, as our portfolios consist of mutual funds and ETFs, we cannot accommodate restrictions regarding what a particular fund or ETF may hold. Clients retain individual beneficial ownership of all securities.

While we obtain each client's suitability information, our investment decisions are based on the objectives of each allocation model, not on the individual objectives of each client.

All recommendations to clients are based on information provided by the client and gathered through our interactive website.

In order to ensure that our initial determination of an appropriate portfolio continues to be suitable and that the client's account continues to be managed in a manner suitable to the client's financial circumstances, we maintain client suitability information in the client's file. We contact clients on at least a quarterly basis to request updated information regarding the client's financial situation and investment

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<sup>1</sup> "Dimensional" refers to the Dimensional worldwide group of investment management companies. These companies are Dimensional Fund Advisors, Dimensional Fund Advisors Canada ULC, DFA Australia Limited, and Dimensional Fund Advisors Ltd.

<sup>2</sup> "Vanguard" refers to The Vanguard Group, an American investment management company.

objectives and whether the client wishes to impose or modify existing investment restrictions. In addition, we contact clients at least annually to determine whether there have been any changes in the client's financial situation and whether the client wishes to impose investment restrictions or modify existing restrictions.

While all portfolio management recommendations and decisions are made by and through our interactive service, our investment professionals will contact clients to assist with the initial process and will be available to answer client questions.

### **Amount of Assets Managed**

As of December 31, 2013, we managed \$11,500,000 on a discretionary basis and \$0 on a non-discretionary basis.

## **Item 5. Fees and Compensation**

### **Fees for Portfolio Management**

The annualized fee for this service is typically based upon a percentage of assets under management, according to the following blended fee schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
First \$250,000	0.40%
Next \$250,000	0.30%
Next \$250,000	0.20%
Next \$250,000	0.10%
> \$1,000,000	Fixed 0.25%
> \$5,000,000	Negotiable

For example, if a client's account is valued at \$800,000, the annual fee would be calculated as follows:  $(\$250,000 \times 0.40\%) + (\$250,000 \times 0.30\%) + (\$250,000 \times 0.20\%) + (\$50,000 \times 0.10\%)$ . Furthermore, if a client's account is valued at more than \$1,000,000, the annual fee would be calculated as follows:  $(\text{the account value} \times 0.25\%)$ .

Our fees are billed monthly, in advance, at the beginning of each month based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous month. Fees will be debited from the account in accordance with client authorization.

Questis Portfolio typically requires a minimum annual fee of \$400 and a minimum account per client or household of \$40,000.

### **General Information**

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Negotiability of Fees: In certain circumstances, all fees and minimum account sizes may be negotiable. We may also group certain related client accounts for the purposes of determining the annualized fee. Further, discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon termination via the interactive website. As disclosed above, certain fees are paid in advance of services provided. Upon termination, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Fund Fees: All fees paid to Questis Portfolio for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients will also be responsible for all fees and expenses charged by their broker-dealer(s) and custodian(s).

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

We do not charge performance-based fees (i.e., fees based on a share of capital gains on or capital appreciation of the assets of a client). As all portfolios are invested in readily available mutual funds and ETFs, we do not foresee any potential conflicts regarding managing a client's accounts side-by-side with other accounts.

## **Item 7. Types of Clients**

Questis Portfolio provides its advisory services, where appropriate, to individuals, trusts, estates, charitable organizations, retirement plans, and corporations or other business entities.

Please see the disclosure in Item 5 for our minimum fee requirements.

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

### **Methods of Analysis**

Mutual fund and/or ETF analysis: We select a mutual fund and ETF based on (a) the ability to track a particular index or economic sector and (b) low turnover and low management fees.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund, which could make the holding(s) less suitable for the client's portfolio.

In selecting an open-end mutual fund or ETF for inclusion in a managed portfolio, Questis Portfolio considers

Risks for all forms of analysis: Our securities analysis methods rely on the assumption that the securities we purchase and sell, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **Investment Strategies**

Modern Portfolio Theory: We use Modern Portfolio Theory (MPT) as the basis for portfolio design and management. MPT attempts to maximize a portfolio's expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by selecting the proportions of various asset classes rather than selecting individual securities. We attempt to identify an appropriate ratio of equities, fixed income, and cash or cash equivalents suitable to the client's investment goals and risk tolerance.

Passive Investment Management: We use a Passive Investment Management strategy in which we follow our proprietary models and do not engage in forecasting, market timing or stock picking. Our goal is to minimize investing fees and to avoid the adverse consequences of failing to correctly anticipate the future.

A risk of MPT and Passive Investment Management is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of equities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

### **Risk of Loss**

Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9. Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Our firm is under common control and ownership with two investment advisers:

- Questis Advisor Partners, LLC ("Questis Advisor")
- UPPI Advisors, LLC ("UPPI Advisors")

Members and other related persons of Questis Portfolio are also members and/or related persons of Questis Advisor and UPPI Advisors. Once Questis Portfolio is registered with the SEC, the advisory services offered by Questis Advisor and UPPI Advisors will be entirely separate and distinct from the software-based advice provided by Questis Portfolio.

As advisory recommendations for Questis Portfolio are entirely in open-end mutual funds and ETFs, Questis does not foresee any instances in which associated persons of Questis Advisor and UPPI Advisors could use their knowledge of what is being traded by Questis Portfolio to the disadvantage of Questis Portfolio's clients.

There are no referral fee arrangements between Questis Portfolio and Questis Advisor. We do not anticipate recommending the services of Questis Advisor or UPPI Advisors to our clients. Conversely, it is not expected that Questis Advisor or UPPI Advisors will recommend the services of Questis Portfolio to their clients.

Questis Advisor and UPPI Advisors have contracted with Questis Portfolio to provide office space, staffing, back office support and other infrastructure necessary to operate as an investment adviser.

As required, any related investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1A. By following the directions provided on the Cover Page of this Firm Brochure, Part 1A of our Form ADV can be accessed.

## **Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading**

Our firm has adopted a Code of Ethics, which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable state and federal securities laws. Questis Portfolio and our personnel owe a duty of loyalty, fairness and good faith toward our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Questis Portfolio's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.



Our Code of Ethics is also designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any of our related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

Questis Portfolio and individuals associated with our firm are prohibited from engaging in principal transactions.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [info@questisportfolio.com](mailto:info@questisportfolio.com) or by calling us at (855) 843-5233.

## **Item 12. Brokerage Practices**

### Directed Brokerage

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct Questis Portfolio as to the broker-dealer to be used.

Questis Portfolio suggests that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we suggest that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Questis Portfolio is independently owned and operated and not affiliated with Schwab. Questis Portfolio has evaluated Schwab and believes that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

Schwab provides Questis Portfolio with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Questis Portfolio but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our 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 research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- compliance, legal and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Questis Portfolio. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than Schwab if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of Schwab, it should be understood that Questis Portfolio will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker). Clients should note, while Questis Portfolio has a reasonable belief that Schwab is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker-dealer.

#### Block Trading

As all clients in a particular model will typically trade at the same time, trades may be blocked for convenience. However, as Questis Portfolio's client accounts consist of open-end mutual funds and ETFs,

which trade at Net Asset Value at the end of the trading day, Questis Portfolio does not anticipate any benefit arising to clients from block trading.

### **Item 13. Review of Accounts**

Reviews: The algorithms used in the proprietary software are continuously monitored, as are the mutual funds and ETFs in client accounts. Clients will be reminded quarterly to update their personal information on the website. If our proprietary software determines that an update necessitates a different model for the client, the client will be notified.

These accounts are reviewed by Stephen P. Wilbourne, Managing Member and Chief Compliance Officer, and John M. Tabb, Member.

Reports: Client will receive monthly statements and confirmations of transactions from their broker-dealer and/or custodian. We offer performance reports and statements to client on a quarterly basis.

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

It is the policy of Questis Portfolio not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

### **Item 15. Custody**

We previously disclosed in the Fees and Compensation section (Item 5) of this brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also offer account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings, and values are correct and current.

### **Item 16. Investment Discretion**

Clients hire us to provide discretionary portfolio management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. This discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell.

Clients give us discretionary authority when they sign a discretionary advisory agreement with our firm, and may limit this authority by giving us written instructions. We do not provide non-discretionary management services.

**Item 17.      Voting Client Securities**

Questis Portfolio does not vote client proxies. Although we may provide investment advisory services relative to client investment assets, our clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other types of events pertaining to the client's investment assets. Therefore, Questis Portfolio and/or the client shall, as required in each case, instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

Questis Portfolio also does not typically provide advice to clients regarding the clients' voting of proxies.

**Item 18.      Financial Information**

Under no circumstances will we earn fees in excess of \$1200 more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.