

Cherry Hills Investment Advisors, Inc. Form ADV Part 2A: Firm Brochure

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This Brochure provides information about the qualifications and business practices of Cherry Hills Investment Advisors, Inc. ("Cherry Hills" or the "Investment Adviser"). If you have any questions about the contents of this Brochure, please contact our VP-Investment and Trust Compliance Officer at (303) 303-675-1145 or email kimberly.halkett@guarantybankco.com. 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.

Cherry Hills Investment Advisors, Inc. is an investment adviser registered with the SEC. That an investment adviser is registered does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about Cherry Hills also is available on the SEC's website at www.adviserinfo.sec.gov

Item 2 – Material Changes

On June 17, 2014, Cherry Hills, a wholly-owned subsidiary of Guaranty Bank and Trust Company (“GBT”), filed its initial application to register as an investment adviser with the SEC. Accordingly, pursuant to disclosure rules under the Investment Advisers Act of 1940, this is the first Brochure compiled by the Investment Adviser to provide new and prospective clients (as defined below) with disclosure of its business practices, conflicts of interest and background of its advisory personnel and therefore there are no material changes to report. We encourage all recipients of this Brochure to read it carefully in its entirety.

In the future, this Item will identify and discuss the material changes since the last annual update to assist clients to make them aware of certain information that has changed since the prior year’s Brochure and that may be important to them.

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Item 4 – Advisory Business

Cherry Hills Investment Advisors, Inc. (Cherry Hills) is a fee-only financial advisory firm that provides investment advisory and financial planning services. We have a fiduciary duty to our clients: your best interests must always be our first consideration. We take a holistic view of our clients' financial needs, incorporating life-planning issues to understand goals and objectives for each client. This view helps us to devise the best available strategies for reaching your goals.

Cherry Hills utilizes a financial planning process that may include all or part of the following, depending on your situation and investment advisory agreement ("agreement") with us:

- **Investment Management** – We use predominately low-cost, no-load mutual funds and exchange-traded funds (ETFs), some individual stocks and bonds, money market funds and certificates of deposit. We are also able to incorporate the evaluation of other types of assets, such as annuities and real estate, which we do not directly manage. Your account is managed individually based on your unique financial objectives and circumstances. Accordingly, client accounts, even those with identical or substantially similar investment objectives, will not necessarily have identical or substantially similar investment portfolios, and as a result, may have different performance results.
- **Retirement Planning** – We design and implement retirement plans that fit your goals and needs. Plans may include a SEP-IRA, Simple, Roth and Traditional IRA, and 401(k). We also identify cash needs during retirement and administer withdrawals to satisfy those needs as well as IRS Required Minimum Distributions.
- **Tax Strategies** – Each investment decision has a potential tax consequence so we are mindful of that as we manage investments and prepare retirement plans. We work with you and your tax preparer to develop strategies to minimize taxes in your plan.
- **Estate Planning** – We collaborate with you and your attorney to design and implement a plan to achieve your legacy and wealth preservation goals. Wills, powers of attorney, beneficiary designations, charitable gifting and trust are some tools used to carry out your wishes.
- **Insurance Review and Analysis** – We do not sell insurance but we view insurance as a key component of your overall financial plan. We review your existing property and casualty, life, disability, health and long-term care insurance.
- **College Planning** – We help you evaluate the right strategy to fund your children's education. Investment options may include 529 plans, Coverdell education savings accounts, U S Savings bonds and others. In addition, we assist with tax strategies that may be available.

Our financial planning services utilize the Financial Planning Process, consisting of the following six steps:

1. Establishing and defining the client-planner relationship.
2. Gathering client data, including goals.
3. Analyzing and evaluation your financial status.
4. Developing and presenting financial planning recommendations and/or alternatives.
5. Implementing the financial planning recommendations.
6. Monitoring the financial planning recommendations.

We are a wholly-owned subsidiary of Guaranty Bank and Trust Company (GBT). GBT is a wholly-owned subsidiary of Guaranty Bancorp.

As of June 9, 2014, we managed \$178.1 million of client assets on a discretionary basis.

Item 5 – Fees & Compensation

We are a fee-only advisory firm. We do not recommend products that generate additional compensation to us or our employees (i.e. brokerage commission) and we receive fees only from our clients as specifically identified by agreement. As fiduciaries, we always act in good faith and in the best interest of our clients. Subject to negotiation, our standard annual fees for managed assets are as follows:

Total Household Portfolio	Annual Percentage
Under \$500,00	1.25 – 1.50%
\$500,000 - \$1 million	1.00%
\$1 million - \$2 million	0.90%
\$2 million - \$3 million	0.80%
\$3 million - \$4 million	0.70%
\$4 million - \$5 million	0.60%
Over \$5 million	Negotiated

The specific manner in which fees are charged is established in your written agreement with us. Fees are generally billed on a quarterly basis in arrears (for the prior quarter) each calendar quarter based on asset balances at the end of that quarter. Clients generally authorize us to directly debit fees from their custodial accounts. Under rare circumstances, the client may elect to be billed directly. Management fees are prorated for capital contributions and withdrawals made during the applicable calendar quarter. Accounts terminated during a calendar quarter will be charged a prorated fee. As fees are paid in arrears, no refunds are due at termination.

Fees charged and how they are calculated is clearly shown on quarterly reports sent to clients. We encourage clients to compare these reports to those sent from the custodian, generally Charles Schwab & Co., Inc. (Schwab). In addition, the custodian may charge you a brokerage fee to buy or sell securities. We do not share in any brokerage or other fees charged by the custodian.

We quote and charge a fixed fee to develop a financial plan, typically starting at \$3,000, depending on the complexity of the plan. For ongoing asset management clients, there is no additional charge for financial plan updates.

Relationships lasting less than one year are discouraged. If, however, we agree to consult on an occasional basis, fees will be billed at a rate of \$250 per hour.

In addition to our advisory fees, you may incur certain charges imposed by broker-dealers and custodians, such as brokerage commissions and/or transaction fees, transfer fees, wire transfer and electronic fund transfer fees, trade-away fees on fixed income transactions, and other fees and taxes on your brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees and other fees and expenses. These fees and expenses are described in the prospectuses of those funds, and are paid for by the funds, but are ultimately borne by you.

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client.)

Item 7 – Types of Clients

We provide investment management and financial planning services to individuals, corporate pension and profit-sharing plans, foundations, endowments, and trust programs. Our minimum account size is \$500,000 although exceptions are made in certain circumstances.

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

Our aim is to develop a portfolio that achieves your stated goals without creating a need for frequent trading. Therefore, appropriate asset allocation and long-term investing are the focus. We discuss with you the historical risk of investing in various types and mixes of securities. We also seek to understand your experience with investing as well as your investment time horizon. Then, we work with you to position your investments to help you achieve an emotional level of comfort with the amount of risk you are taking on. In summary, we try to design a portfolio that meets your return expectations and risk tolerance, but this is not guaranteed. Financial markets are subject to risk. While our recommended investment strategy is designed to mitigate exposure to various risks, the risks are there and losses may result.

Investments are initially reviewed for suitability, diversification and asset allocation using third-party programs such as MorningstarAdvisor, among others. We may use a variety of sources of data to conduct our economic, investment, and market analysis, such as financial periodicals, economic, and market research materials prepared by others, subscription services, corporate rating service, annual reports, prospectuses, company conference calls and press releases, and other US Securities and Exchange Commission filings. Our advisors spend a great deal of time in continuing due diligence on the investments we use in client portfolios and on understanding macroeconomic factors that influence investments. Investment strategies are then established with you and implemented by our advisors.

We do not represent, guarantee or imply that our investment analysis and services can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Investment in any security or portfolio of securities always carries with it a risk of loss to the investor. Investing in mutual funds and exchange-traded funds provides for exposure to underlying securities that may be exposed to loss of principal due to economic downturns, world events, market fluctuations, inflation, and individual security performance, among others. Fixed income securities are exposed to credit default risk and interest rate risk, which could include the loss of principal. Foreign securities in mutual funds may also expose your portfolio to potential loss due to exchange rate risk. At any point in time, a client's investment could be worth more or less than originally invested.

Investment advice may involve mutual funds and exchange traded funds. Fund analysis includes the fund's long-term performance, fund manager tenure and investment strategies, fund company stewardship, and fund expense ratio.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of the Adviser's management. We have never been subject to any legal or disciplinary actions that are material to a client's or prospective client's evaluation of our advisory business.

Item 10 – Other Financial Industry Activities and Affiliations

No individual associated with us is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No individual associated with us is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

We are a wholly-owned subsidiary of GBT. We serve as part of the Wealth Management Group at GBT and serve as in investment management advisor. GBT is a Colorado-based community bank and wholly-owned subsidiary of Guaranty Bancorp (NASDAQ: GBNK). Guaranty Bancorp is a bank holding company with \$2 billion in assets as of

March 31, 2014, with one wholly-owned bank subsidiary, GBT. Pursuant to a solicitation agreement, we receive client referrals from GBT employees, who in turn are compensated based on a set percentage of the Investment Advisor's management fee. At the time of referral, GBT employees provide the prospective client with a solicitation disclosure at the time of solicitation that describes the nature of our relationship and affiliation, including a description of the compensation paid to the solicitor.

Private Capital Management is a registered investment adviser and affiliated with Cherry Hills through GBT's common ownership. Certain GBT employees provide operations, marketing, information technology, accounting, and compliance support to both Cherry Hills and Private Capital Management. However, the investment team and investment decision making processes at both advisers remain separate.

Cherry Hills only receives compensation directly from our advisory clients. We do not receive compensation from any outside source.

Item 11 – Code of Ethics

We have adopted a Code of Ethics which describes our standard of business conduct, and fiduciary duty to our clients. Some of the major points of the code include:

- We adhere to the highest standard of integrity, trustworthiness, and truthfulness.
- We put our clients' interests ahead of our interests.
- We keep our clients' information confidential.
- We provide full disclosure of all material facts to our clients.
- We ensure that our personal securities transactions are secondary to the securities transactions of our clients.
- We comply with all relevant Federal, State and local rules, regulations and laws.

We authorize our employees to trade, for their personal accounts, in the same securities that we invest and recommend for our clients' accounts, including family related accounts, but specifically prohibit trading activity intended to benefit an employee at the expense of a client or leveraged off of a client's activities. Since we primarily recommend open-end mutual funds, employee transactions in the same mutual funds are executed at the same closing net asset value for all participants and no price impact is anticipated from either employee or client transactions. Consequently, clients are not adversely affected by these transactions.

Under the Code, employees must report all personal trading transactions in Reportable Securities (as defined in the Code) and pre-clear all transactions concerning initial public offerings and private offerings. Employees are required to provide quarterly and annual transaction and holding reports. In addition, employees must report all personal accounts (as defined in the code) initially upon commencement of employment or otherwise and annually thereafter.

We generally do not affect any principal or agency cross securities transactions for our client accounts.

You can obtain a copy of the Code by contacting the VP-Investment and Trust Compliance Officer at kimberly.halkett@guarantybankco.com.

Item 12 – Brokerage Practices

Unless you direct otherwise, we generally recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC/NYSE, to maintain custody of clients' assets and to effect trades for their accounts. When recommending Schwab (or other broker-dealers/custodians) to clients, we consider their financial strength, reputation, execution capabilities, pricing, research, and service.

We will arrange for the execution of securities transactions through broker-dealers that we reasonably believe will provide “best execution.” In seeking best execution, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services including the value of research provided, execution capability, commission rates and responsiveness of the broker. Although Cherry Hills will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions. As example, we generally do not execute individual bond transactions at the clients’ custodian. As a result, custodians may charge clients trade-away fees. Cherry Hills believes the benefit of price or execution quality received from trading away from the custodian outweighs the additional transaction fee incurred.

We receive benefits from Schwab that we would not receive if we did not provide investment advice to clients. Although these benefits are not paid for with client commissions, these practices may be considered informal soft dollar arrangements. These include software and other technology products and services that assist us in managing and administering your accounts and managing the business. In addition, Schwab may make available, arrange and/or pay for these types of services to us by independent third parties. Schwab may also provide us with consulting services, educational seminars, and other information intended to help Cherry Hills manage and further develop its business enterprise. Schwab 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 us. However, the availability of these products and services is not contingent upon us committing to Schwab any specific amount of business (assets in custody or trading).

In fact, these are services that Schwab provides in competition with other custodians who provide the same or similar services and benefits. We are always looking for ways to decrease costs to our clients for example, by negotiating lower transaction or trading fees. We also negotiate for lower pricing on software and other administrative costs.

We may receive economic benefits from mutual fund investment managers that recommend, typically as a result of our due diligence process. These benefits may be meals and entertainment, gifts of nominal value at conventions or holiday seasons, access to some publications and expenses for travel and lodging for attendance at educational and due diligence meetings. Based on the real or perceived conflict of interest that might be created, we have implemented policies and procedures to monitor for items that could potentially influence our investment decision making.

You may direct us to use a particular broker-dealer or custodian to execute some or all transactions for your account. We reserve the right to decline and/or terminate the engagement if such arrangements cannot be accommodated. In such event, you will negotiate terms and arrangements for the account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to aggregate your transactions for execution through other broker-dealers with orders for other accounts managed by us. As a result, you may pay higher commissions, transaction costs, spreads, or receive less favorable net prices on transactions than would otherwise be the case.

Our policy is to aggregate and/or allocate investment opportunities among our clients in a manner that we consider to be fair and equitable to all clients, considering all factors potentially applicable to each client. Since we generally manage client accounts according to their individual directives and generally do not trade instruments that have capacity constraints (e.g., mutual funds or exchange traded are executed at end of day net asset value), we may, but are not obligated to, combine or aggregate those trades. However, under certain circumstances (e.g., US treasuries), it may be beneficial to aggregate client orders for a specific security and will do so in isolated instances if it is beneficial to all clients involved in the transaction(s).

Trade errors – We may occasionally commit trade errors in your account. Our policy is to identify and correct the trade error promptly. As a result of correcting the trade error, our trade error policy is to follow the trade error policy

of the custodian. When an error occurs, the Advisor will place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted."

Item 13 – Review of Accounts

We provide you with quarterly statements that list the individual investments within the portfolio and periodic rates of return. We review your investments quarterly but we may review them more frequently if your situation changes or if market conditions warrant. Communication with you is based upon your stated preference. This may include face-to-face reviews, phone conversations and email correspondence. We also update financial plans as financial circumstances change, your goals change or as market conditions dictate.

Item 14 – Client Referrals and Other Compensation

As previously stated in Item 10, pursuant to a solicitation agreement, we receive client referrals from GBT employees, who in turn are compensated based on a set percentage of Investment Adviser's management fee. GBT employees provide the prospective client a solicitation disclosure at the time of solicitation that describes the nature of our relationship and affiliation, including a description of the compensation paid to the solicitor.

We also provide clients with names of trusted allied professionals such as tax accountants, estate planning and other attorneys, mortgage brokers and insurance agents. We may also get referrals from allied professionals. There are no fees involved in either direction. As with all client dealings, we consider the best interest of our clients in making such referrals. In some cases, the allied professional may also be a firm client. In such a case, this will be disclosed.

Item 15 – Custody

We do not have custody of client assets. Assets will in all cases be held by a custodian, such as Schwab.

You will receive or have available online, at least quarterly, statement from the broker/dealer, bank or other qualified custodian that holds and maintains your investment assets. We urge you to carefully review these statements and compare such official custodial records to the account statements that we provide to you.

We will send you quarterly performance statements along with a copy of your invoice. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. However, such differences should be small or a temporary timing issue. We are always available to research and/or clarify any difference that may arise.

Item 16 – Investment Discretion

When you sign the client agreement, you give us discretionary authority to implement the investment plan that we have discussed and to buy and sell securities on your behalf. In all cases, however, we are required to make changes that are consistent with your stated investment objectives.

There may be a situation where we need to make an investment change quickly. Based on an understanding of your needs and preferences, you may not be contacted in all cases prior to changes being made. Schwab will send trade

confirmations for any changes that are made to your account and we also try to email or contact you as soon as we can.

Item 17 – Voting Client Securities

As a matter of firm policy and practice we do not accept authority to and do not vote proxies on behalf of our clients. You may elect to participate in the process but we will not advise you on what action to take. You will receive proxies or other solicitations directly from your custodian and may contact the custodian directly should you have any questions about a particular solicitation.

Item 18 – Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and have not been the subject of a bankruptcy proceeding.