

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

**Whitegate Investment Counselors, Inc.**

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02/17/2015

This brochure provides information about the qualifications and business practices of Whitegate Investment Counselors, Inc.

If you have any questions about the contents of this brochure, please contact us at 603-228-5471 or [pwolfe@whitegateinvestment.com](mailto:pwolfe@whitegateinvestment.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 Whitegate Investment Counselors, Inc. also 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. Our firm's CRD number is 107732.

## Item 2 Material Changes

This Firm Brochure, dated 02/17/2015, provides you with a summary of Whitegate Investment Counselors, Inc.'s advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. It is our practice to deliver to you the full revised Brochure within 120 days of our FYE that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated 02/14/2014:

**Item 4 Advisory Business:** The amount of Managed Assets has been updated as of 12/31/2014.

**Item 10 Other Financial Activities and Affiliations:** The number of Limited Liability Companies that Carl G. Erickson serves as Sole Manager for that own rental real estate increased from four to five. One LLC currently has no assets. This information was also updated in Part 2B in Mr. Erickson's biography – Other Business Activities.

\*Our web address: [www.whitegateinvestment.com](http://www.whitegateinvestment.com) is currently used for e-mail hosting only. If that changes in the future, information regarding our website will be noted here.

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## **Item 4    Advisory Business**

Whitegate Investment Counselors, Inc. is a SEC-registered investment adviser with its principal place of business located in New Hampshire. Whitegate Investment Counselors, Inc. began conducting business in 1992.

Listed below are the firm's shareholders (i.e., these individuals and/or entities control 25% or more of this company):

- Carl George Erickson, President and Secretary
- Carl G Erickson, Trustee - Carl G Erickson Revocable Trust dtd 06/09/1998 - Majority Shareholder
- Paulette Wheeler Wolfe, Vice President, Treasurer, Chief Compliance Officer and Shareholder

Education and Background of Officers and Shareholders is listed in Whitegate's ADV Part 2B (attached to our ADV Part 2A).

Whitegate Investment Counselors, Inc. ("Whitegate") offers the following advisory services to our clients:

### **INVESTMENT SUPERVISORY SERVICES and INDIVIDUAL PORTFOLIO MANAGEMENT**

Whitegate provides continuous (and in some cases, non-continuous) advice to clients regarding the investment of client funds based on the individual needs of the client. Through personal discussions (including, but not limited to, one or more of the following communication methods: letters, e-mails, telephone conferences, in-person meetings and forms that we request clients to complete to help us gather data about their family and financial situations) in which goals and objectives based on a client's particular circumstances are established, we develop investment recommendations and an asset allocation for each client and create and manage a portfolio based on that asset allocation. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, return expectations, expected deposit/withdrawal patterns and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

Whitegate manages advisory accounts on a discretionary or non-discretionary basis although most accounts are managed on a discretionary basis. Whitegate generally holds a limited trading authorization in discretionary accounts which allows us to issue purchase and sale instructions on behalf of clients but specifically disallows Whitegate to deposit or withdraw funds or securities from client accounts although we will forward, upon request by a client, funds or securities to custodians or brokerage firms that hold client accounts if such funds or securities are made out to or endorsed to the respective custodian.

Account supervision is guided by the client's stated risk tolerance, return expectations, expected deposit and withdrawal patterns and tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Warrants
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

#### **PARTICIPANT DIRECTED 401(k) PROFIT-SHARING PLAN SERVICES**

Although Whitegate does not currently provide this service for any Participant Directed 401(k) Plan clients at this time, Whitegate has in the past and may in the future perform certain investment advisory and reporting services for participant directed 401(k) profit-sharing plans on a non-discretionary basis. Such services include selection of mutual funds to be offered to participants, information regarding the benefits of participation in the plan, historical information on returns of various asset classes, asset allocation information, generic information on different types of mutual funds and specific information on risk levels, track records and management of the mutual funds selected for the plan. Whitegate does not generally place trades (as most plans are self-directed) or provide record keeping and administrative services but does provide quarterly or semi-annual performance reports and periodic updates of the information described previously.

## **SELECTION OF OTHER ADVISORS**

Although Whitegate does not currently provide this service for any of its clients at this time, Whitegate has in the past and may in the future perform certain investment advisory and reporting services to advise certain clients in the selection of other advisors, including Third Party Money Managers and/or Hedge Funds. Based on the client's individual circumstances and needs we may then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style may be appropriate for that client. Factors considered in making this determination include account size, risk tolerance, and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered.

We will monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's individual objectives, time horizons, risk tolerance, return expectations, expected deposit/withdrawal patterns and liquidity needs, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm may assist the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

## **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

## **AMOUNT OF MANAGED ASSETS**

As of 12/31/2014, Whitegate was actively managing a total of \$438,076,247 of clients' assets: \$435,188,690 on a discretionary basis and \$2,887,557 on a non-discretionary basis.

## Item 5 Fees and Compensation

### INVESTMENT SUPERVISORY SERVICES and INDIVIDUAL PORTFOLIO MANAGEMENT FEES

Whitegate primarily provides investment advisory services to clients on a contractual basis. Either party may terminate the contract at any time without cause upon 30 days written notice without a termination fee. Whitegate will charge fees based on the (i) nature and extent of the services rendered, (ii) frequency of reporting desired by client and (iii) amount of assets under management for each client. The primary sources of fees are annual percentage fees or, on occasion, hourly fees. Whitegate neither seeks, receives, nor pays to or from brokers or anyone else any commissions, sales loads, 12 (b) 1 fees or referral fees of any type.

Whitegate's Basic Fee Schedule for full investment advisory services based on quarterly reporting is as listed below. Whitegate's fees are negotiable and may be higher or lower than its Basic Fee Schedule depending upon (i) through (iii) above and various other criteria. Whitegate may, on occasion, perform services including preparation of special reports for certain clients on investments presented to or managed for those clients by others and for which those clients specifically seek Whitegate's advice such as tax-deferred annuities and limited partnership or private placement investments. Whitegate may prepare such reports as part of its investment supervisory services or may charge an hourly fee at a billing rate of \$350 per hour. Time for Associates and Other Officers is billed at \$75 to \$150 per hour.

Fees are billed quarterly in advance and may either be debited from client accounts or billed directly to client.

#### **Basic Fee Schedule**

<b>Size of Account</b>	<b>Annual Rate</b>
\$0-\$200,000	1.50%
plus \$200,001-\$500,000	1.25%
plus \$500,001-\$1,000,000	1.00%
plus >\$1,000,000	0.75%

**Limited Negotiability of Advisory Fees:** Although Whitegate has established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. Clients may also receive lower Advisory Fee rates if they agree to receive annual rather than quarterly written reports from us or for new clients that have been referred to us by existing clients or by an attorney or tax professional. The specific annual fee schedule will be identified in the contract between the adviser and each client. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

We may group certain related client accounts for the purposes of determining the annualized fee.

## **PARTICIPANT DIRECTED 401(k) PROFIT-SHARING PLAN SERVICES FEES**

Fees, generally a percentage of plan assets, are determined on a case-by-case basis and are based on the (i) size of the plan, (ii) number of investment options desired, (iii) frequency and extent of reporting desired and various other criteria but are generally lower than the Basic Fee Schedule for full investment advisory services.

## **CONSULTING SERVICES FEES**

Whitegate may, on occasion, perform services including preparation of special reports for certain clients on investments presented to or managed for those clients by others and for which those clients specifically seek Whitegate's advice such as tax-deferred annuities and limited partnership or private placement investments. Whitegate may prepare such reports as part of its investment supervisory services or may charge an hourly fee at a billing rate of \$350 per hour. Time for Associates and Other Officers is billed at \$75 to \$150 per hour. The client will be billed in arrears based on actual hours accrued.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, fees for investment advisory and portfolio management services are paid in advance of services provided. Upon termination of any account, any fees so billed and paid in advance are refunded pro-rata with no termination fee.

***Mutual Fund Fees:*** All fees paid to Whitegate for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or EFTs 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. Generally, such funds are available to Whitegate clients at Net Asset Value without sales charges or sales loads. However, some mutual funds may charge redemption fees to restrict frequent trading. 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 mutual 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.

***Wrap Fee Programs and Separately Managed Account Fees:*** Whitegate does not participate in any Wrap Free Programs. However, clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.



***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***ERISA Accounts:*** Whitegate neither seeks, receives, nor pays to or from brokers or anyone else any commissions, sales loads, 12(b)1 fees or referral fees of any type.

***Advisory Fees for Similar Services:*** 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.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered. Such prepayments will be promptly returned to the client.

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

Whitegate does not charge performance-based fees.

## **Item 7 Types of Clients**

Whitegate currently provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans(other than plan participants)
- Charitable organizations

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

### METHODS OF ANALYSIS

Whitegate uses the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Asset Allocation:** We attempt to identify an appropriate ratio of equity securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation 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 equity securities, 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.

**Mutual Fund and/or ETF Analysis:** Major criteria that should be considered include but aren't limited to:

- **Track Record:** Net-of-fees results compared over as long a time period as possible to an appropriate index;
- **Management:** Tenure of current management as well as "bench-strength" of the management company;
- **Management Ownership:** Whether fund shares are owned by the individual managers;
- **Expenses:** Loads, redemption fees, expense ratio and other fund expenses;
- **Compliance Problems:** Whether a fund, fund company or fund manager with a history of compliance problems or questionable ethical behavior;
- **Style Drift:** Whether a fund's holdings are generally representative of the fund's Sub Allocation category;
- **MPT Statistics:** Standard Deviation, R2 and other Statistics of a fund;
- **Asset Base:** Size of a fund relative to Category Averages;
- **Tax Efficiency and Turnover:** Whether a fund is tax efficient or tax inefficient and the level of turnover of a fund.

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 or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Risks for all forms of analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, 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**

Whitegate uses the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases:** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases:** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). Whitegate uses this strategy generally when a client has informed us that they may be making withdrawals from their account(s).

**Margin transactions:** Generally, Whitegate does not make margin transactions and can only make them in client accounts that have a margin feature on their account(s). However, for certain clients we may purchase stocks for their portfolio with money borrowed from their brokerage account. This allows a client to purchase more stock than they would be able to with their available cash, and allows us to purchase stock without selling other holdings.

**Option writing:** Whitegate has not used in the past, but may, on rare occasions in the future, use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

Whitegate may use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

Whitegate may use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

Whitegate may use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

***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**

Whitegate is 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**

On occasion, a new or current client of Whitegate may request that we provide them with a list of potential tax preparers and/or attorneys. We provide this only as a courtesy to our clients and have no referral fee arrangements for these recommendations.

On occasion, one or more of the tax preparers and/or attorneys that Whitegate may have mutual clients or do business with may recommend Whitegate to accounting clients in need of advisory services. Conversely, Whitegate may, on occasion, recommend one or more of those tax preparers and/or attorneys to advisory clients in need of accounting and/or legal services. Accounting and/or legal services provided by such firms are separate and distinct from Whitegate and our advisory services, and are provided for separate and typical compensation. There are no referral fee arrangements between our firms for these recommendations. No Whitegate client is obligated to use these firms for any accounting and/or legal services and conversely, no accounting or legal client is obligated to use the advisory services provided by Whitegate.

Carl G. Erickson serves as Sole Manager of six New Hampshire Limited Liability Companies ("LLC's"). Five of those six LLC's own rental property and minor amounts of cash. One LLC currently has no assets. The Sole Member Interests in each LLC are owned by Mr. Erickson, members of his immediate family or trusts for the benefit of Mr. Erickson or members of his immediate family. Mr. Erickson receives no compensation for managing any of the LLC's other than his share of any profits generated by the LLC's. Mr. Erickson may, at various times for estate planning purposes, transfer the Sole Member Interests in the LLC's to members of his immediate family or trusts for the benefit of same. No client, other than members of Mr. Erickson's immediate family or trusts for the benefit of same, has ever been or will ever be solicited to invest or allowed to invest in any of these LLC's. These LLC's have no connection whatsoever to Registrant but rather represent personal real estate investments of Mr. Erickson or trusts for the benefit of Mr. Erickson or members of his immediate family.

Clients should be aware that the receipt of additional compensation by Whitegate and its management persons or employees would create a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Whitegate endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation outside of our advisory business from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval for any business or investment activity outside of the firm so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside any business and investment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Whitegate has adopted a Code of Ethics (along with Rules and Procedures for Handling Investment Advisory Accounts and a Confidentiality and Non-Solicitation Agreement), which together set forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Whitegate and our personnel owe a duty of loyalty, fairness and good faith towards 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 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.

Whitegate's Code of Ethics is 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.

Whitegate requires for all accounts of all full-time employees engaged in non-clerical positions as well as all accounts of family members (except 401(k), profit-sharing or pension plans of which such family member is a participant) who share a household with any advisory personnel that its appropriate supervisory personnel (i) pre-approve all trades, (ii) be copied on a regular, continuous and timely basis on all statements and confirmations and (iii) have the authority to spot check on a surprise basis all trading activity and tax returns.

Whitegate'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.

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 [pwolfe@whitegateinvestment.com](mailto:pwolfe@whitegateinvestment.com), or by calling us at 603-228-5471.

Whitegate employees may own securities that Whitegate will be recommending to its clients. Whitegate employees only buy securities from or sell securities to clients as part of an agency cross transaction (usually involving municipal bonds). See Item 12 Brokerage Practices, Agency Cross Transactions for more information regarding Whitegate's Agency Cross Practices.

Whitegate employees disclose to clients that they own some or many of the securities used to manage client accounts at the time clients open an account.

Whitegate maintains a Recommended List of mutual funds. All client mutual fund purchases under the firm's discretionary authority are restricted to this list. Whitegate encourages all employees to limit their personal mutual fund purchases to mutual funds contained on its Recommended List or to mutual funds being studied for inclusion on its Recommended List. Whitegate allows its employees to purchase or sell mutual funds in their own accounts on the same day it may execute such trades for clients as all same day mutual funds trades are executed at the same price (NAV) for all investors buying and selling such funds.

Whitegate allows employees to execute individual equity (including stocks and closed-end funds and Exchange Traded Funds) and bond transactions in their own accounts on the same day they execute such transactions for clients but requires employees to give up to clients any terms and conditions they receive on individual bond transactions if such terms and conditions are more favorable than clients received.

Whitegate may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients (including employee accounts) will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each client account paying the average price. More information regarding Whitegate's block trading policy can be found in Item 12 Brokerage Practices.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing Whitegate's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
4. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer and Senior Management.
5. We have established procedures for the maintenance of all required books and records.
6. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
7. We require delivery and acknowledgement of the Code of Ethics by each employee of our firm.
8. We have established policies requiring the reporting of Code of Ethics violations to our senior management and our Chief Compliance Officer.
9. Any individual who violates any of the above restrictions may be subject to disciplinary action or termination.

## Item 12 Brokerage Practices

Whitegate intends to generally recommend that clients use full-service discount brokerage firms or firms with rates competitive with full-service discount firms. Whitegate may recommend such firms based upon the (i) ability of such firms to offer clients the ability to purchase, hold and sell a variety of investments, including no-load mutual funds and various types of bonds and stocks in one consolidated account, (ii) tax reporting capability, and (iii) the financial strength and reputation of as well as other services provided by such firms.

Whitegate may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Whitegate is independently owned and operated and not affiliated with Schwab.

Schwab provides Whitegate with access to its institutional trading and custody services, which may not be available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional, and is not otherwise contingent upon Advisor committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, 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 also makes available to our firm other products and services that benefit Whitegate 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);

- i. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- ii. provide research, pricing and other market data;
- iii. facilitate payment of our fees from clients' accounts; and
- iv. assist with back-office functions, recordkeeping and client reporting.

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

- i. compliance, legal and business consulting;



- ii. publications and conferences on practice management and business succession; and
- iii. 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 Whitegate. 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 our firm. Schwab 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.

**Principal Transactions:** Whitegate and individuals associated with our firm are prohibited from engaging in principal transactions.

**Agency Cross Transactions:** Whitegate on occasion negotiates “cross-trades” in accounts it manages provided that the transaction is consistent with our firm's fiduciary duty to the client and that all requirements outlined in Sec. 206(3)-2 of the Investment Advisers Act of 1940 are met. Cross-trading is the practice of trading securities between accounts managed by the same investment advisor. Whitegate on occasion will negotiate such cross-trades, usually involving municipal bonds, if Whitegate believes an account it manages should sell a security for various reasons including but not limited to realizing a tax loss or simply raising cash and that the security in question is appropriate for purchase in another account managed by Whitegate. Whitegate believes that both accounts benefit from such cross-trades (the selling account receiving more net proceeds than it otherwise might and the purchasing account paying less in gross proceeds than it otherwise might) because such cross-trades can usually be accomplished for a small flat dollar fee (generally \$50 to each account involved) instead of being subject to the broker-dealer mark-ups and mark-downs that would otherwise apply if Whitegate put such bonds out for so-called “street bids” and/or purchased bonds being offered by a broker-dealer. Whitegate always seeks such “street bids” and searches bonds being offered by broker-dealers before negotiating cross-trades and completes such cross-trades only if both accounts obtain better prices and terms than they otherwise would. Whitegate is not a broker-dealer nor does it act as principal in such cross-trades and receives no compensation other than its standard advisory fees for arranging cross-trades.

Whitegate will arrange block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Whitegate's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Whitegate, or our firm's order allocation policy.

- 2) Whitegate must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) Whitegate must reasonably believe that the order aggregation will benefit, and will enable Whitegate to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) A written order must be entered into Whitegate's Trade Log which identifies each client account participating in the order and allocation of the order.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in initial order or statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Whitegate's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on Whitegate's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

## Item 13 Review of Accounts

### INVESTMENT SUPERVISORY SERVICES and INDIVIDUAL PORTFOLIO MANAGEMENT

**REVIEWS:** Custodian statements for client accounts are reviewed promptly (monthly or quarterly, depending on the frequency that statements are issued by the custodian) for accuracy of deposits, withdrawals, fees, income activity, trades and period end security and cash positions and valuations. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Carl G. Erickson, President or Paulette W. Wolfe, Vice President.

**REPORTS:** Reports are issued by Whitegate to clients on a quarterly or annual basis dependent upon preference of client. Such reporting frequency is stated in the Investment Advisory Agreement (contract) between Whitegate and the client.

Reports from Whitegate include a statement describing percentage and dollar gain or loss during the reporting period in relation to an appropriate blend of market indices and inflation.

Clients also receive trade confirmations on each trade made in their account and monthly or quarterly statements summarizing market value of all holdings at end of reporting period and all transactions during the reporting period from broker-dealer or custodian client has selected.

### CONSULTING SERVICES

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted at the client's request by Carl G. Erickson, President or Paulette W. Wolfe, Vice President.

**REPORTS:** Consulting Services clients will not typically receive reports due to the nature of the service.

## Item 14 Client Referrals and Other Compensation

It is Whitegate's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Whitegate's policy not to accept or allow our related persons to accept or solicit any form of compensation or benefit, direct or indirect, monetary or otherwise, including cash, rebates, sales awards or other prizes or gifts (other than items sent to employees on an unsolicited basis with a value less than \$25) from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm may directly debit 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 the statements they receive directly from the custodian to verify the accuracy of the calculation. Clients should also review their custodian statements and trade confirmations for accuracy of deposits, withdrawals, income activity, trades and period end security and cash positions and valuations, among other things.

Generally, clients receive reports on an annual basis (or, in some cases, more frequently) from Whitegate. Clients should compare the market values, deposits and withdrawals and fees, among other things shown on the reports they receive from Whitegate with the statements they receive from the custodian.

Clients should contact Whitegate directly if they believe that there may be an error in their statement or report.

Whitegate does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

Whitegate and the client will jointly agree on the custodian firm to hold the clients assets. The agreed upon custodian will be identified on the contract between the advisor and the client.

Whitegate generally obtains a limited trading authorization from its clients that allows Whitegate to place purchase and sale instructions on a discretionary basis on clients' behalf. This limited trading authorization is granted on the contract between the advisor and the client as well as the custodian/broker-dealer account forms that the client must complete prior to opening an account at the custodian.

This limited trading authority does not authorize Whitegate to withdraw or deposit any funds or securities from client accounts. Whitegate will, however, upon request by a client, forward checks or securities to the broker-dealer or custodian selected by the client if such checks or securities are made out to or properly endorsed to such broker-dealer or custodian.

## **Item 17 Voting Client Securities**

As a matter of firm policy, Whitegate does not vote proxies on behalf of clients.

Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18 Financial Information**

Under no circumstances does Whitegate require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Whitegate is required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Whitegate has no additional financial circumstances to report.

Whitegate has not been the subject of a bankruptcy petition at any time during the past ten years.



**Part 2B of Form ADV: *Brochure Supplement***

**Whitegate Investment Counselors, Inc.**

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Concord, NH 03301

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Email: [pwolfe@whitegateinvestment.com](mailto:pwolfe@whitegateinvestment.com)

Web Address\*: [www.whitegateinvestment.com](http://www.whitegateinvestment.com)

02/17/2015

This brochure provides information about the qualifications of supervised personnel providing investment guidance and interacting regularly with clients of Whitegate Investment Counselors, Inc. and supplements the Whitegate Investment Counselors, Inc. brochure (Form ADV Part 2A). You should have received a copy of that brochure.

Please contact Paulette W. Wolfe at [pwolfe@whitegateinvestment.com](mailto:pwolfe@whitegateinvestment.com) or 603-228-5471 if you did not receive Whitegate Investment Counselors, Inc.'s brochure or if you have any questions about the contents of this supplement.

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 Whitegate Investment Counselors, Inc. and the firm's supervised personnel is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Carl George Erickson, Born 1951**

Chief Executive Officer and Chief Investment Officer,  
President and Secretary and Majority Shareholder

Mr. Erickson is responsible for investment of client accounts, overall supervision of the firm and its employees and setting firm policy and practices. Mr. Erickson holds a Series 65 license.

Education: University of Virginia, BA (1973)

### Business Experience:

Whitegate Investment Counselors, Inc. (01/1992 to present)

Winthrop Financial Associates (11 years total, 9 years as a partner):  
investigating, evaluating and marketing real estate and other investments and securities primarily involving investors with net worths in excess of \$1 million.

Morgan Stanley (6 years): dealing with all types of securities investments for individual, corporate and retirement plan clients.

Disciplinary Information: Mr. Erickson has no reportable disciplinary history.

### Other Business Activities:

Investment-Related Activities: Mr. Erickson serves as Sole Manager of six New Hampshire Limited Liability Companies ("LLC's"). Five of those six LLC's own rental property and minor amounts of cash. One LLC currently has no assets. The Sole Member Interests in each LLC are owned by Mr. Erickson, members of his immediate family or trusts for the benefit of Mr. Erickson or members of his immediate family. Mr. Erickson receives no compensation for managing any of the LLC's other than his share of any profits generated by the LLC's. Mr. Erickson may, at various times for estate planning purposes, transfer the Sole Member Interests in the LLC's to members of his immediate family or trusts for the benefit of same. No client, other than members of Mr. Erickson's immediate family or trusts for the benefit of same, has ever been or will ever be solicited to invest or allowed to invest in any of these LLC's. These LLC's have no connection whatsoever to Whitegate Investment Counselors, Inc. but rather represent personal real estate investments of Mr. Erickson or trusts for the benefit of Mr. Erickson or members of his immediate family.

Mr. Erickson does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

Non Investment-Related Activities: Mr. Erickson is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

Additional Compensation: Mr. Erickson does not receive any economic benefit from a non-advisory client for the provision of advisory services.

Supervision: Mr. Erickson has confirmed his receipt and understanding of the Whitegate Investment Counselors, Inc. Code of Ethics, Trading Policies and Compliance Policies and Procedures Manual. All employees are required to confirm their receipt and understanding when updates to these documents are made.

All personal trading activity is reviewed by Paulette W. Wolfe, the firm's Chief Compliance Officer. Ms. Wolfe may be reached at 603 228-5471 or [pwolfe@whitegateinvestment.com](mailto:pwolfe@whitegateinvestment.com)



**Paulette Wheeler Wolfe, Born 1972**

Vice President, Chief Compliance Officer,  
Treasurer and Minority Shareholder

Ms. Wolfe's responsibilities include corporate administrative (e.g. payroll, corporate books and records, etc.) and compliance duties, supervising staff and daily workflow. Ms. Wolfe also reconciles certain client account data, assists with portfolio management, prepares reports for certain clients, enters mutual funds trades, prepares research data and calculates client account performance. Ms. Wolfe holds a Series 65 license.

Education: Southern NH University Graduate School (12 credits toward MS completed)  
Franklin Pierce University, BS (1994)  
New Hampshire Technical Institute, AS (1992)

Business Experience:

Whitegate Investment Counselors, Inc. (10/1995 to present)

First NH Investment Services (3 years): reconciling trust accounts, preparing monthly and quarterly performance reports, preparing fiduciary tax returns and processing and settling securities trades and transfers.

New Hampshire Savings Bank (4 years): various data entry, customer services and general ledger reconciliation positions.

Disciplinary Information: Ms. Wolfe has no reportable disciplinary history.

Other Business Activities:

Investment-Related Activities: Ms. Wolfe is not engaged in any other investment-related activities. Ms. Wolfe does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

Non Investment-Related Activities: Ms. Wolfe is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of her time.

Additional Compensation: Ms. Wolfe does not receive any economic benefit from a non-advisory client for the provision of advisory services.

Supervision: Ms. Wolfe has confirmed her receipt and understanding of the Whitegate Investment Counselors, Inc. Code of Ethics, Trading Policies and Compliance Policies and Procedures Manual. All employees are required to confirm their receipt and understanding when updates to these documents are made.

Ms. Wolfe is supervised by Carl Erickson. Mr. Erickson may be reached at 603 228-5471.