



ELLIS  
INVESTMENT PARTNERS LLC

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This brochure provides information about the qualifications and business practices of Ellis Investment Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 484-320-6300 or [nancy@ellisinvestmentpartners.com](mailto:nancy@ellisinvestmentpartners.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.

Ellis Investment Partners, LLC is an investment adviser registered with the SEC. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Ellis Investment Partners, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2. Material Changes**

This brochure, dated February 18, 2015, amends our previous brochure dated March 4, 2014. Changes to this brochure include the following:

- Item 4 was updated to reflect regulatory assets under management as of December 31, 2014.
- Item 4 was amended to disclose Sub-Advisory services.
- Item 5 was updated to amend the firm's fee schedule and to revise the method in which fees are assessed.
- Item 10 was amended to disclose an additional financial industry activity.
- Item 12 was amended to disclose the firm's aggregate trade policy.
- Item 14 was amended to disclose additional compensation that may be received from an unaffiliated broker/dealer, as well as compensation earned for sub-advisory services.

Currently, our brochure may be requested by contacting Nancy Stewart, CLU®, ChFC®, Chief Compliance Officer, at 484-320-6300 or [nancy@ellisinvestmentpartners.com](mailto:nancy@ellisinvestmentpartners.com). Additional information about Ellis Investment Partners, LLC is available by accessing the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with EIP who are registered, or are required to be registered, as investment adviser representatives of the firm.

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

Ellis Investment Partners, LLC (“EIP”) is an SEC registered investment adviser located in the State of Pennsylvania. The firm was founded in 2011 by David Y. Sun, owner and President of the firm.

#### **Portfolio Management Services**

EIP manages investment advisory accounts (“Portfolio Management”) for individuals, small businesses, retirement plans, trusts, partnerships, corporations or other business or institutional accounts. An initial interview and data gathering questionnaire is undertaken to determine the client’s individual needs and risk tolerance. The recommendations are implemented in a portfolio that may include no-load or load waived mutual funds, stocks, bonds, ETF’s and other investments deemed appropriate for the client. Other investments may include REITS, limited partnerships and options (covered call writing).

EIP utilizes a dynamic asset allocation approach and maintains several models that are used as guidelines to achieve the client’s objectives. While each client account is separately maintained at a third-party custodian and each client retains his or her right of ownership over the account, client accounts with similar risk profiles and objectives may utilize similar investments based on these models.

In some cases, EIP may determine that a client would benefit from the inclusion of a third-party investment management team. In these cases, separate offering materials will be provided to clients who choose to utilize the services of a third-party co-advisor to EIP. Such materials disclose the portfolio management services, fees and termination procedures specific to the investment management team. Clients should read all offering materials carefully. Clients are under no obligation to engage the services of any third-party investment manager.

Through EIP’s Portfolio Management Services, EIP offers clients implementation assistance and ongoing and continuous review of investment assets and consolidated performance reporting. EIP provides these Portfolio Management Services on a discretionary basis, whereby transactions or actions are taken by EIP Associates on behalf of the client, without the express written permission of the client. While EIP does have discretion over client accounts, clients may place reasonable restrictions on the types of investments or investment strategies used for their accounts.

As part of the Portfolio Management Services, client accounts are reviewed by EIP on an on-going basis, to determine that assets are performing consistent with the investment objectives, overall market conditions, and current asset mix. Consolidated asset reporting to the client is done quarterly. For Portfolio Management, EIP typically recommends that

clients start with a minimum portfolio of \$250,000. While this is generally the case, lower minimums may be accepted subject to the sole discretion of EIP and based on such factors as related family accounts or other special situations. Portfolio Management clients should also carefully consider investing only those funds that can be committed on a long-term basis, usually **at least** three to five years. Clients should expect volatility from investing in equity securities, as all investments carry risks.

### **Financial Planning Services**

EIP provides Personal Financial Plans consistent with the individual client's financial situation and investment objectives. Planning may be comprehensive or may be "segmented" and focus on investments, insurance, taxes, retirement, and/or estate plans. Dependent upon the scope of the financial planning services to be performed by EIP, the preparation of a plan involves guiding clients in gathering, compiling, preparing, and analyzing personal financial data. The client will receive a written financial plan at the completion of the financial planning process and the client will then have the option to implement recommendations through Associates of EIP, but is not obligated to do so. If Associates of the firm assist in the implementation of any recommendations, clients may engage the firm separately, for Portfolio Management Services described above.

### **Consulting Services**

In addition to individualized investment management and financial planning, EIP offers investment consulting services on a more limited basis. Such consultation is offered to assist a client in an isolated area of concern, such as an existing investment portfolio or qualified plan. For example, for clients with existing portfolios, EIP may provide on-going advice regarding investment reallocation. This advice will not necessarily involve the development of a financial plan or the actual management of the underlying portfolio assets, but may simply assist clients in evaluating existing holdings and determining necessary reallocations. Consulting services may be rendered differently for different clients, based on the client's individual needs. Clients will be asked to sign a Consulting Services Agreement in order to engage EIP for consulting services.

### **Sub-Advisor Services**

Ellis, through its investment adviser representative, provides sub-advisory services to another investment adviser ("Advisor"). In this case, an investment adviser representative provides investment advice to Advisor, who uses this advice to provide discretionary advice to its clients. Ellis does not provide investment advice directly to a client of another advisory firm, but rather, provides advice to the Advisor who then renders investment advice to its client. Ellis is compensated for these sub-advisory services, in the form of a percentage of assets for which Ellis provides advice to the Advisor.

## **Retirement Plan Services**

Ellis, through its investment adviser representative, provides investment advisory services to retirement plans, as selected by the plan fiduciary. In some cases, Ellis may recommend the services of a third-party advisor. The services that may be selected are either ERISA fiduciary services or ERISA non-fiduciary services, as identified, and may be provided on an annual or as-needed basis. Retirement Plan clients have the option from selecting from the services described below:

### **ERISA Fiduciary Services**

Ellis provides ERISA fiduciary services to the plan as a fiduciary under Section 3(21)(A)(ii) of ERISA and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. As a Section 3(21)(A)(ii) fiduciary, Ellis will solely make recommendations to the plan fiduciary, and the plan fiduciary retains full discretionary authority or control over the assets of the plan. Ellis will have no authority or responsibility in the administration of the retirement plan, in the interpretation of the plan documents, in the determination of employee eligibility to participate in the plan, in the calculation of plan benefits, or in the distribution of any notices to plan participants. Ellis does not act as an “investment manager” as defined under Section 3(38) of ERISA and does not have any discretionary authority over any plan assets. Ellis also does not act as plan “administrator” as defined by ERISA, and is not the plan custodian, trustee, third party administrator or recordkeeper. Ellis does not have any authority or responsibility to vote proxies for securities held in the plan, or take any action relating to shareholder rights regarding those securities.

Clients may choose from the following ERISA Fiduciary Services:

- Development of an Investment Policy Statement (“IPS”). Ellis will review plan objectives, risk tolerance and goals of the plan with the plan sponsor. Ellis will help plan sponsor establish an investment policy statement to state the investment policies and objectives of the plan. Plan sponsor will have the authority to adopt and implement the objectives and policies for the plan.
- Recommendations to Select Asset Classes. Ellis will provide non-discretionary investment advice with regard to different asset classes and investment options available to help plan fiduciary and/or plan administrators select asset classes and investment options consistent with the investment goals and objectives of the plan.
- Investment Strategy Review and Monitoring. Ellis will conduct periodic due diligence and provide information, reports and recommendations to assist plan fiduciary in

monitoring and evaluating the performance of the investment options and asset allocations available in the plan. Ellis will also provide information and recommendations to plan fiduciary or plan administrators to remove or add investment options based on performance or other qualitative measures.

### **ERISA Non-Fiduciary Services**

In addition to the above described fiduciary services, Ellis offers the following non-fiduciary services solely in a capacity that is not considered a fiduciary under ERISA or any other applicable law:

- **Plan Objectives and Design Options.** Ellis will assist plan fiduciary in determining the plan objectives and structure of the plan. Ellis will work with third party administrators for the plan.
- **Investment Education.** Ellis will provide education for plan fiduciary regarding asset classes and types of investment strategies available to the plan. Educational services will be general in nature and will not speak to the individual circumstances of plan participants. Ellis does not provide fiduciary advice to plan participants.
- **Plan Development and Service Providers.** Ellis will assist the plan fiduciary in evaluating plan service providers, including the selection and evaluation of a third party administrator, if necessary.

If a third-party advisor is recommended for retirement plan services, the plan fiduciary will receive additional disclosure documents from the applicable third-party advisor.

### **General Information Related to Investment Recommendations**

For each of the above disclosed advisory services, EIP does not limit its investment recommendations to any specific type of product or security. A client's individual needs and objectives are analyzed to determine appropriate investments and products for the client. Since different types of investments typically involve different types of risk, the firm conducts a risk analysis of the client and his/her overall portfolio, before recommending a certain investment. EIP typically manages assets on a discretionary basis; however, the client is always free to place restrictions on the types of investments the firm recommends for the client's portfolio.

EIP generally recommends an investment allocation which may consist of stocks, bonds, mutual funds, closed-end companies, or exchange traded funds. The firm may also periodically recommend that the client invest in certificate of deposits, annuities, REITS or limited partnerships, including non-publicly traded assets where no readily ascertainable market value exists. EIP may also engage in covered call writing.

EIP may determine that clients would benefit from access to third-party asset managers. Clients will receive separate offering documents from the third-party that explain the services, fees and termination procedures for these third-party programs. Clients should read these offering materials carefully. Use of a third-party as co-advisor to EIP may cost the client more or less than purchasing these services separately.

EIP endeavors at all times to only recommend investments that it feels are suitable for a given client, and the firm makes reasonable efforts to describe in detail, any conflicts of interest that may exist. EIP may also provide advice on non-securities products. Clients should be aware that all securities investments involve risk, including the possible loss of all or part of an investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, EIP takes care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind.

### **Assets Under Management**

As of December 31, 2014, EIP was providing investment advisory services to 670 clients. The total value of assets under management for which EIP provides regular and continuous investment management services was \$302,088,187 held in 770 accounts. In addition, EIP acts as sub-advisor to \$36,913,069 in assets, which are under the management of another investment advisory firm.

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

### **Portfolio Management**

As compensation for the portfolio management services described in Item 4 above, EIP charges an annual fee, based on a percentage of the total market value of the client's assets as determined by the custodian at the beginning of each quarter. The asset management fee is payable quarterly in advance and will be pro-rated for the portion of a quarter in which an account is established or terminated. Fees will generally be deducted directly from the client's brokerage account pursuant to a written standing authorization from the client. In extremely rare cases, EIP may allow clients to pay fees directly, by check, following the presentation of an invoice. Fees are generally based on the fee schedule listed below:

### **ASSET MANAGEMENT FEE SCHEDULE**

The fee arrangement for our Investment Advisory Services is an asset-based fee assessed quarterly in advance.



Assets Under Management	Total Annual Fee
Less than \$ 500,000	1.50%
\$ 501,000 to \$1,000,000	1.25%
Above \$1,000,000	1.00%

Fees are calculated based on assets under management and are based on the value of assets as reported by account custodians on the last day of the preceding calendar quarter. Fees will also be adjusted for any cash flows on a pro-rated basis.

The client may make deposits or withdrawals during a quarter, which may have an effect on fees. For all deposits or withdrawals, the fees will be adjusted on a pro-rata basis, reflected on the next invoice. In addition to the above fees, clients may be subject to administrative, transaction or custodial fees imposed by the custodian where the client's assets are held, or management or fund expenses imposed by an investment company or insurance provider. EIP's portfolio management fees may be higher or lower than those charged by other advisors providing similar services.

### **Financial Planning Services**

After an initial consultation with a client, a financial planning fee will be quoted to the client for the financial planning services provided by EIP. The quote is based upon an estimate of the complexity and time anticipated to perform the services, and is based on an hourly rate of \$150 - \$500, depending on the complexity of the plan. Fees for comprehensive personal financial plans typically range from \$1,000 - \$5,000, or \$500 - \$2,000 for segmented plans on a specific area. In some cases, fees may be higher or lower than the range quoted above, at the sole discretion of EIP and as agreed to in advance by the client. EIP may require that clients pay 50% of the quoted fee up front as a retainer, with the balance due upon delivery of the services. Depending on the services provided, EIP may also allow the client to pay the entire fee upon completion of the financial planning services. In either case, clients are provided with an invoice.

At the completion of the financial planning process, the client has the option to implement recommendations through Associates of the firm, but is not obligated to do so. If Associates of EIP assist in the implementation of any recommendations, clients are asked to engage the firm for Portfolio Management Services, as described in Item 4 above. Fees for

Portfolio Management Services (described above) are assessed in addition to any planning fee earned for the financial plan. In some cases, EIP may waive financial planning fees at its sole discretion.

### **Consulting Services**

Consulting Services are provided to clients on an hourly fee basis, or clients may engage EIP for consulting services on a fixed fee basis. Determination of the fee basis is agreed to between EIP and client in advance of services rendered and is dependent upon the type of Consulting Services to be provided. If fees are assessed on an hourly fee basis, the hourly rate ranges from \$150 to \$500, depending on the complexity of the consulting services provided. Fixed fees for consulting services typically range from \$500 - \$10,000, although fees may be higher or lower than this range in some cases. EIP may require that clients pay 50% of the quoted fee up front as a retainer, with the balance due upon delivery of the services. Depending on the services provided, EIP may also allow the client to pay the entire fee upon completion of the Consulting Services. In either case, a client is provided with an invoice.

### **Retirement Plan Services**

Ellis will receive an annual advisory fee paid by the plan custodian. This fee is based on a percentage of plan assets under management and is paid quarterly. The advisory fee is the only direct compensation earned by Ellis for the advisory services provided to the plan and is applicable whether all or some of the fiduciary and non-fiduciary services are provided during the annual billing cycle. Fees may be negotiable and are billed quarterly, in advance, and are based on the total fair market value of plan assets as reported by the custodian as of the last business day of the preceding calendar quarter. Fees for the initial quarter will be pro-rated based on the number of days advisory services are provided to the plan. Ellis does not earn any indirect compensation for any of the services rendered to the plan. Ellis believes its fees are fair and reasonable based on the services provided to plan fiduciary but fees charged by other advisors may be higher or lower than those charged by Ellis for similar services. The plan may be subject to other fees and charges imposed by account custodians, investment managers, third party administrators, recordkeepers, product sponsors (such as mutual fund management fees or fund expenses), and brokerage account transaction charges imposed in conjunction with transaction processing, clearing or custody. These fees are separate and distinct from advisory fees charged by Ellis. The plan custodian or third party administrator will send account statements to the plan sponsor at least quarterly, which show all fees charged to plan accounts.

Retirement plan clients have the option of having advisory fees deducted from the plan assets or direct billed by Ellis. If fees are deducted directly from the plan account, the plan fiduciary will provide a written standing authorization to the account custodian to authorize

the plan custodian to deduct the agreed upon overall fee between the plan fiduciary and the plan custodian and to direct a portion of this fee to Ellis representing the amount due. The plan fiduciary agrees that, to the extent permitted by law, it is solely responsible for verifying the accuracy of the calculation of the fees and that Ellis is not liable to the plan, plan participants or beneficiaries, or any other fiduciary of the plan for errors in the calculation of advisory fees. If retirement plan clients elect to have fees direct billed, Ellis will send a detailed billing invoice to the plan fiduciary and/or third party administrator and the plan fiduciary agrees to remit payment to Ellis within 30 days of receipt of invoice. The plan fiduciary agrees that, to the extent permitted by law, it is solely responsible for verifying the accuracy of the calculation of the fees and that Ellis is not liable to the plan, plan participants or beneficiaries, or any other fiduciary of the plan for errors in the calculation of advisory fees.

### **General Information Related to Fees and Compensation**

While EIP has established the above referenced fee schedule, the firm may negotiate fees under certain, limited circumstances, at its sole discretion. Multiple accounts from the same investor may be combined for fee purposes. Factors considered when determining whether a different fee will be negotiated include, among other things, the complexity of the client's financial situation, related accounts under management, portfolio style, and the provision of other services provided to the client. Clients will receive advance written notice of any change in their applicable fee schedules. Investment advisory services provided by EIP may cost a client more or less than advisory services offered by other investment advisors. EIP will not be compensated on the basis of a share of capital gains in a client's account.

In addition to advisory fees, clients may be subject to custodial and account fees charged by account custodians or broker/dealers with whom clients establish accounts. Such additional fees may include, but are not limited to, transaction charges, commissions, IRA fees and other account administrative fees. If clients invest in investment company products, clients may be subject to fund management or 12b-1 fees. Clients should refer to a product prospectus for a complete discussion of the fees associated with an investment company product. Please see additional disclosure made for Item 12, Brokerage Practices, later in this brochure.

For clients who choose to engage a third-party advisor, fees will be described in the disclosure materials provided for the third-party advisory program. These fees may be in addition to advisory fees charged by EIP. Therefore, use of a third-party advisory program may cost the client more or less than purchasing program services separately.

As part of its comprehensive approach to financial planning, EIP may refer a client to other unaffiliated professionals it feels may help the client in areas outside the scope of the services provided by EIP. For example, EIP may refer a client to a certain attorney for the development of a Trust or Will, or to an accountant for the provision of tax services. These

referrals are for the convenience of the client only, and the decision to use one of the professionals to whom EIP has referred a client is the client's alone. EIP does not take responsibility for the services provided by these other professionals, nor can EIP speak to the merits of the services provided by these professionals. EIP is not affiliated with the professionals to whom clients may be referred, and is not compensated for any referral made. Clients may be assessed a fee by the service provider, which is separate from any advisory fees assessed by EIP. Neither EIP nor any of its Associates will receive a portion of the fee paid to the other professional service provider.

Clients have the option of purchasing investment products through any broker/dealer of their choice; however EIP may not be able to provide investment management services for assets purchased away from custodians recommended by EIP.

Clients may terminate investment advisory agreements at any time upon prior written notice. If an agreement is terminated within the first 5 business days, clients are entitled to a full refund of any fees paid. If an investment advisory agreement is terminated after more than 5 business days, clients will be assessed fees on a pro-rata basis, and any unearned pre-paid fees will be refunded where applicable. Clients are responsible to pay fees for services rendered up until notice of termination is received by, or provided by EIP.

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

EIP does not charge performance-based fees.

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

EIP provides investment advisory services to individuals, high-net worth individuals, trusts, estates and charitable organizations, small businesses, pension plans, and other institutional accounts.

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

Generally, a college degree and several years' experience in the securities industry, including experience in money management or analysis of securities is required for individuals who are directly involved in the decision making process concerning the portfolios.

In most instances, the method of security analysis, sources of information and investment strategy chosen for a Portfolio Management client will be dictated by the client's individual needs and objectives. For Portfolio Management clients, EIP takes a comprehensive approach to evaluate an overall portfolio strategy and asset allocation that meets a client's needs and objectives. Prior to focusing on specific investments, EIP identifies an appropriate ratio of debt and equity securities, cash and other asset classes, to build a portfolio that is suitable for a client's investment needs, objectives and risk tolerance. Note that EIP typically does not recommend frequent and short-term trading strategies for its clients.

Upon the determination of an appropriate asset allocation model, EIP will then proceed with the selection of specific investments to fulfill the allocation guidelines. Research & analysis on the investments it recommends will be conducted using publicly available information. Some of the sources include Morningstar, Investment Company websites for mutual funds/ETF's and Corporate Financial Reports for individual securities. For mutual funds/ETF's, EIP will evaluate the experience and track record of investment managers to determine whether a manager has demonstrated the ability to manage assets under varying economic situations. EIP also evaluates the underlying investments in a mutual fund or exchange traded fund, to determine whether the manager invests in a manner that is consistent with the fund's investment objective. A risk associated with this type of analysis is that past performance is not a guarantee of future results. While a manager may have demonstrated a certain level of success in past economic times, he or she may not be able to replicate that success in future markets. In addition, just because a manager may have invested in a certain manner in past years, such manager may deviate from his/her strategy in future years. To mitigate this risk, EIP attempts to select investments from companies with proven track records that have demonstrated a consistent level of performance and success. EIP also relies on an assumption that the rating agencies it uses to evaluate investments is providing accurate and unbiased analysis.

EIP uses investment management strategies that it feels best meet its clients' needs and objectives. Such strategies typically include asset allocation, diversification, and a tax managed approach for taxable accounts. While this strategy typically meets the needs and objectives of our clients, long-term investment strategies may include the risk of not taking advantage of short-term gains that could be profitable to a client. In addition, all securities investments involve risk and clients may lose all or part of their investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, EIP takes care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind.

## **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 EIP or the integrity of EIP's management. EIP has no reportable information applicable to this Item.

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

EIP Associates are also licensed to sell various insurance products for which they may receive product commissions. The potential for this additional insurance compensation creates a conflict of interest when making financial planning recommendations that involve insurance products for which commissions may be earned. EIP Associates make insurance product recommendations when they feel it is in the client's best interest, based on the specific needs and objectives of the client. The potential for additional compensation is not a criterion on which these recommendations are based.

One EIP Associate is licensed as a registered representative with an unaffiliated registered broker/dealer, member FINRA. Such affiliation is disclosed in the applicable Associate's individual disclosure brochure (Form ADV Part 2B). When suitable, recommendations may be made for clients to purchase securities products through this unaffiliated broker/dealer, and the EIP Associate may be compensated with normal and customary product commissions. Thus, a conflict of interest may exist; however, the EIP Associate makes product recommendations that he feels are in the best interest of his clients, based on the specific needs and objectives of the clients. The potential for additional compensation is not a criterion on which a recommendation is based. Clients have the option of declining any investment recommendation.

EIP may refer clients to an unaffiliated third-party professional for specific services such as legal or accounting services. EIP is not compensated for these referrals but instead makes these referrals when it feels it is in the client's best interest to do so, based on the specific needs and objectives of the client. Clients are under no obligation to engage the services of the third-party professional and clients do so at their own discretion. EIP is not liable or responsible for any of the fees charged or services provided by an unaffiliated third-party professional.

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

EIP has adopted a Code of Ethics to promote the principles of honesty and integrity in its business practices, and to maintain EIP's reputation as a firm that operates with the highest level of professionalism. EIP recognizes its fiduciary responsibilities to its clients, and its duty and pledge to place clients' interests first and foremost. In connection with this duty, all employees of EIP are subject to the firm's Code of Ethics, and are required to acknowledge their understanding of its terms. A copy of the EIP Code of Ethics will be provided to any client or prospective client upon request.

EIP's Code of Ethics establishes procedures for employees to report personal securities transactions and personal securities holdings. The Code sets forth procedures for management review of these reports. In some cases, EIP employees may be required to obtain pre-approval for certain personal securities transactions or refrain from certain transactions altogether. EIP's Code of Ethics also sets forth the obligation of all EIP employees to comply with applicable state and federal securities laws, and the duty to cooperate in any investigation or inquiry conducted on or by EIP. Finally, EIP's Code of Ethics establishes procedures for the reporting of any potential violation of the firm's Code.

EIP or its owners, officers and employees may buy or sell securities that are the same or different than those they recommend to clients. While buying or selling the same security as a client would be incidental, it may represent a potential conflict of interest, which would be fully disclosed to the client. EIP or its owners, officers and employees may not sell securities from their accounts directly to a client, nor may they purchase securities directly from a client. EIP, its owners, officers and employees are prohibited from trading on material nonpublic information. EIP does not trade ahead of clients, but instead puts clients' interests first. Employees may not purchase or sell any security prior to a transaction being implemented for an advisory client, unless the timing of such transaction was done without the employee's knowledge of a client's transaction. EIP endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the decision making process for client investment recommendations. EIP also endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the implementation of investment recommendations made to clients.

EIP prohibits its owners, officers, and employees from participating in any principal transactions, where securities are purchased directly from, or sold directly to a client. EIP also prohibits its owners, officers and employees from purchasing shares in initial public offerings or private placement offerings, unless express written permission is provided in advance, by the firm's Chief Compliance Officer. EIP, its owners, officers and employees, do

not recommend to clients that they buy or sell securities in which a person associated with EIP has a material financial interest.

## **Item 12. Brokerage Practices**

If the client has not selected a broker-dealer through which transactions should be executed, EIP will suggest those brokers or dealers which provide best execution taking into consideration, the reasonableness of commissions, the broker's ability to provide timely, professional client services, research and other services that assist EIP in its investment management business. EIP makes every effort to ensure that clients are receiving quality execution of investments, however, best execution can never be guaranteed. EIP will generally recommend the custodial and clearing services of Fidelity Investments, Inc., a registered broker/dealer. EIP has established a relationship with Fidelity Institutional Wealth Services. Through this relationship, EIP is able to provide consolidated account reporting to its clients, as well as automatic advisory fee debiting. Clients open accounts directly with Fidelity and retain all ownership rights over their accounts, including the right to vote proxies. EIP is granted limited discretion to place investment transactions on behalf of clients.

In some cases, EIP may aggregate client trades or execute "block" trading. The firm does not typically aggregate client transactions as accounts are managed on an individual basis. However, blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. If EIP determines that it is advantageous to customers to execute block transactions, clients participating in any aggregated transactions will receive an average share price and transaction costs (i.e., commissions and trading fees) will be determined on an account by account basis based on each client's account status at the custodian.

As part of its fiduciary duty to clients, EIP endeavors at all times to put clients' interests first. EIP may receive research materials from custodians or broker/dealers with whom client transactions are executed. This may be an economic benefit to EIP; however, the receipt of this research is not dependent upon EIP's execution of customer transactions or custody of client assets. Clients should be aware that the receipt of economic benefits by the firm in and of itself creates a potential conflict of interest. While EIP feels the quality of custodial services provided by broker/dealers recommended by EIP is beneficial to clients, the firm cannot guarantee that best execution will be obtained. EIP does not recommend broker/dealers in order to receive client referrals from such broker/dealers.



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

David Y. Sun, CFA®, President, and his Associates, will perform all account reviews along with the firm's Investment Committee. On a daily basis, Mr. Sun and his team of Associates monitor market conditions as well as significant developments related to any portfolio holdings in clients' accounts. On a quarterly basis, Mr. Sun and his team of Associates will conduct an in-depth review of each client's quarterly performance report. Such report will include account valuation detailing the performance of the account including any unrealized or realized profits or losses. Clients will also receive normal and customary brokerage or custodial statements from the custodians at which their assets are held. These brokerage or custodial statements are typically generated on a monthly basis whenever there is activity in the account or at least quarterly. Clients should carefully compare the information provided in reports generated by EIP with the information provided by the account custodian.

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

If EIP Associates make recommendations to clients for the purchase of insurance products, clients may pay a normal and customary insurance commission for the purchase of the product. In these cases, EIP Associates may receive commission as insurance agents, generally based upon a percentage of the premiums paid. Such insurance commission is paid directly to the EIP Associate from the issuer of the insurance product. EIP makes this service available to clients simply as a convenience to clients. Clients are not obligated to purchase any insurance products from EIP Associates. The receipt of additional compensation presents a conflict of interest in that EIP Associates may be induced to recommend that clients purchase insurance products. While this may be true, EIP Associates endeavor at all times to act in the best interests of their clients, and recommendations to purchase insurance products are only made when they feel it is in the best interest of a client.

If an EIP Associate makes recommendations to clients to purchase certain securities products in his capacity of a registered representative of an unaffiliated broker/dealer, such Associate may receive a normal and customary product commission. In this case, the EIP Associate receives the commission as a registered representative of the unaffiliated broker/dealer, and not as an EIP investment adviser representative. EIP does not receive any portion of this product commission. The receipt of additional compensation presents a conflict of interest in that the EIP Associate may be induced to recommend that clients purchase certain securities products. While this may be true, the EIP Associate endeavors at all times to act in the best interests of his clients, and recommendations to purchase such securities products are only made when he feels it is in the best interest of a client.

In some cases, EIP may refer clients to a third-party professional for specific services. EIP is not compensated for these referrals. EIP makes these referrals when it feels it is in the client's best interest to do so, based on the specific needs and objectives of the client. Clients are under no obligation to engage the services of the third-party professional and clients do so at their own discretion. EIP is not liable or responsible for any of the fees charged or services provided by an unaffiliated third-party professional.

EIP currently engages solicitors from whom client referrals are received. These solicitors are not employees of EIP but instead are independent contractors with whom EIP has a business relationship. EIP reserves the right to determine whether advisory services will be provided to clients referred by solicitor ("referred clients"). Investment advice is not offered by the solicitor and only EIP associates may offer investment advice to referred clients. In the event that referred clients become advisory clients of EIP, EIP will compensate the solicitor for such referral. Compensation will be based on a percentage of the fee that EIP charges for its services. Advisory fees are fully described in Item 5 above.

EIP may, from time to time, accept reimbursement for costs associated with on-site inspections of product sponsors or investment managers to which clients' assets may or may not be directed. Such costs will be associated with "due diligence" trips that allow associated persons of EIP to better analyze a company and/or investment manager. The acceptance of reimbursement will not be contingent upon any commitment by EIP to place client assets with a product sponsor or investment manager, and will not influence EIP's decision to select a product or investment manager for its clients, other than to allow EIP's associated persons an opportunity to gain further knowledge.

An associate of EIP provides sub-advisory services to another investment adviser ("Advisor"), and is compensated for these services. In connection with advice rendered to Advisor, EIP receives a portion of the assets under management fee collected by Advisor for advice given to its clients. EIP is compensated by Advisor and not directly by Advisor's clients.

## **Item 15. Custody**

EIP does not maintain custody of client funds or securities except to the extent that it has the ability to debit advisory fees directly from client accounts, as agreed to in writing by the client. Clients receive normal and customary custodial account statements at least quarterly, which detail the amount of advisory fees debited from an account. Clients are

strongly encouraged to review all statements carefully. Clients, not account custodians, are responsible for verifying the accuracy of all fees.

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

EIP accepts discretionary authority to manage securities accounts on behalf of clients, upon express written permission from the client. Clients will execute required custodial applications granting discretion to EIP. Clients will also execute discretionary Investment Management Agreements. This discretionary authority will be limited to trading authorization only. EIP will not have discretion to disburse funds in client accounts.

#### **Item 17. Voting Client Securities**

EIP does not accept authority to vote client securities on behalf of clients. Clients retain all rights to their brokerage accounts, including the right to vote proxies. Clients are responsible for directing each custodian of their assets to forward copies of all proxies and shareholder communications directly to the client. While EIP may provide information or consultation to assist a client in deciding how to vote a particular security, the ultimate decision and responsibility to vote a security lies with the client.

#### **Item 18. Financial Information**

EIP does not require or solicit prepayment of more than \$1,200 in advisory fees more than six months in advance of services rendered. EIP is therefore not required to include a financial statement or balance sheet with this brochure.

EIP does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. EIP has not been the subject of any bankruptcy petition.

#### **Privacy Policy**

EIP maintains a specific Privacy Policy that is distributed to each client at the time an account is opened and annually thereafter. EIP collects nonpublic information about clients from the following sources: information the firm receives from clients verbally, on applications or other forms and information about client transactions with others or the firm.

EIP may have to share non-public client information with unaffiliated firms in order to service client accounts. Additionally, EIP may have to provide information about clients to regulatory agencies as required by law. Otherwise, EIP will not disclose any client information to an unaffiliated entity unless a client has given express permission for the firm to do so.

EIP is committed to protecting client privacy. The firm restricts access to clients' personal and account information to those employees who need to know the information. EIP also maintains physical, electronic and procedural safeguards that the firm believes comply with Federal standards to protect against threats to the safety and integrity of client records and information.