

# Rootstock Investment Management, LLC

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## Form ADV Part 2A Brochure

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This brochure provides information about the qualifications and business practices of Rootstock Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at (412) 656-1008. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

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

## Item 2. Material Changes

Rootstock Investment Management is submitting its Form ADV Part 2A as part the annual amendment requirement.

### Item 3. Table of Contents

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## Item 4. Advisory Business

Rootstock Investment Management, LLC ("Rootstock") was founded in 2013 as an investment and wealth management firm that focuses on high net worth individuals and various non-profit organizations. Gregory Simpson, CFA is the Principal Owner of the company and Director of Operations and Compliance.

Rootstock's mission is to provide conflict-free investment advice and comprehensive planning services to high net worth families and non-profit organizations. We believe that the elimination of conflicts of interest is paramount to the success of our clients and provides a higher level of trust throughout the client/advisor relationship. Within this framework, we provide 100% objective, unbiased advice regarding a clients' investment portfolio, mortgage and lending relationships, banking services, insurance solutions, tax and estate planning advice or any relevant product or service(s). Rootstock is an organization that places great emphasis on partnering with our clients and delivering superior investment and wealth management results.

**Wealth Management.** Rootstock provides investment advisory and wealth management services to individuals and related entities, including family trusts, family offices, foundations, corporations and business entities. Rootstock's financial professionals work closely with clients and their relationship team to develop a comprehensive wealth management strategy, focusing on the key areas of wealth creation and protection (investment returns, fees, taxes, turnover and risk). Client investment portfolios reflect the integration of Rootstock's financial market outlook, the client's income and spending needs, tax and estate planning objectives and other unique client preferences. Services provided to these advisory clients include identifying investment objectives and risk tolerance, developing and documenting asset allocation, investment policy and investment strategy, implementing the investment strategy, performing regular administration, monitoring and reporting of financial assets and performing due diligence on traditional, hedge and alternative fund managers. Investment advisory and wealth management services are based on the Investment Advisory Agreement ("IAA") entered by an advisory client and Rootstock.

**Assets under Management.** As of January 21, 2015, Rootstock has a total of \$303,249,326 of assets under management account a total of 172 accounts. Of that total, \$170,823,817 is management on a discretionary basis across 108 accounts.

## Item 5. Fees and Compensation

**Asset Based Fees.** Rootstock charges a fee to its clients based on a percentage of assets under management. This fee includes the design of a comprehensive investment management program, including asset allocation design, manager selection and monitoring of performance. The asset-based fee is also intended to cover the cost associated with providing a coordinated

financial management plan, including general tax, estate planning and insurance. Rootstock's fee schedule is as follows:

**Assets Under Management:**

First \$2 million	.80%
\$2 million to \$5 million	.65%
\$5 million to \$25 million	.50%
\$25 million to \$50 million	.40%
Greater than \$50 million	.30%

Rootstock has a stated minimum of \$5 million of investable assets. However, the company, in its sole discretion, may waive the minimum requirement and negotiate asset-based fees according to complexity of the relationship and the types of investments being managed. Such fees will generally fall within the above range and could be subject to a minimum fee.

Fees are payable monthly in arrears based on the market value of assets under management on the last day of the preceding month, unless an alternate arrangement is mutually agreed upon. The fees are debited from the client's custodial account by Rootstock, as authorized by the client, unless otherwise specified in the Investment Management Agreement. In the event an advisory relationship is terminated prior to the end of a month, Rootstock's compensation would be prorated to the date of termination and any unearned portion reimbursed. The client and Rootstock may each terminate the advisory relationship upon 30 days written notice to the other.

**Consulting Fees.** For certain clients, Rootstock may be contracted to provide family office services or other related projects in addition to the investment management services provided. Under these arrangements, the clients pay Rootstock an agreed upon consulting fee that is billed quarterly in arrears.

**External Investment Manager Fees.** Fees charged by the external investment managers selected by Rootstock to manage portions of the client's assets are separate from, and in addition to, Rootstock's asset based fees described above. These fees are set out in each investment manager's investment advisory agreement or, in the case of mutual funds or private funds in the prospectus or offering memorandum. Rootstock seeks to negotiate favorable fee rates for its clients where possible, including discounts from the external investment managers posted advisory fee rates. Rootstock is responsible for monitoring each relationship and reviewing the fees charged.

***Additional Expenses Incurred by Clients.*** In addition to asset-based advisory fees, clients will incur charges for custody services and brokerage and other transaction costs associated with the buying and selling of securities within their accounts. See Item 12 in this Brochure regarding Brokerage Practices.

## **Item 6. Performance Based Fees and Side by Side Management**

Performance based fees can create incentives for Rootstock and its advisors to recommend investments that may be riskier than those we would recommend under a different fee arrangement. Such fee arrangements also create an incentive to favor accounts paying higher fees over other accounts when allocating investment opportunities. Rootstock does not charge performance based fees and has created procedures to ensure all clients are treated fairly and Rootstock's advisors operate in an environment free of conflicts of interest.

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

Rootstock provides investment and other financial advisory services to high net worth individuals, family offices and various non-profit organizations. Our typical client will have investable assets exceeding \$5 million.

Clients looking for family office related services will commonly have a net worth exceeding \$25 million. Due to complex financial situations, these clients require additional services than typically provided to traditional investment management clients.

Rootstock's clients are seeking a partner to help them understand the complexities of the investment and wealth management business and to provide objective, honest advice, free of conflicts of interests.

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

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

The investment advice provided by Rootstock is entirely driven by a client's personal investment objectives and preferences. A detailed profile is created for each client that includes the following factors:

- Personal goals and cash flow requirements (both short and long term),

- Comprehensive risk assessment, including review of asset classes and risks associated with each,
- Asset class preferences, including detailed discussion of client experience with certain asset classes,
- Liquidity needs,
- Income tax considerations across taxable, tax deferred and/or non-taxable entities.
- Charitable desires and considerations,
- Family gifting and other personal obligations,
- Estate planning objectives and other generational requirements

The client profile is then incorporated into a detailed investment program that considers our market expectations, asset class forecasts, economic assumptions and current global economic conditions.

Rootstock designs investment portfolios to take advantage of relative opportunities and to maximize after-tax total returns, consistent with a client's objectives, across a complete market cycle. To accomplish this, Rootstock employs traditional equity and fixed income investments, exchange-traded index funds, mutual funds, private equity, hedge funds and derivatives, where appropriate.

Rootstock utilizes both internal and external sources for the evaluation and monitoring of investment managers and strategies. Factors we consider in the evaluation of external investment managers include:

- The manager's historical performance across a complete market cycle,
- A manager's risk-return profile and their ability to stick to their philosophy during all market environments,
- Consistency in their approach and returns,
- Downside risk and upside capture,
- Use of leverage,
- Transparency and communication,
- Correlation of returns to their benchmark, peer group and other asset classes,
- Experience of management team, strategy team and turnover at the firm,
- Risk management techniques instituted and/or employed,
- Capacity level of the firm to take new clients and acquire assets under management,

- The quality of the manager's infrastructure

Investments selected by Rootstock may decline in value for any number of reasons, including changes in the overall market for equity and/or debt securities, and factors pertaining to particular portfolio securities, such as management, the market the for the issuer's products or services, sources of supply, technological changes within the issuer's industry, the availability of a additional capital and labor, general economic conditions, political conditions and other similar conditions.

Hedge funds, private equity and other alternative assets are often highly speculative in nature and invest in a variety of complex financial instruments and/or arrangements. Such investments are often illiquid and contain limited withdrawal or redemption rights. These investments are sometimes leveraged and do not provide the transparency seen in traditional investments. Before recommending any of these investments, Rootstock provides a thorough analysis of all of the risk factors discussed above.

### **Third Party Managers**

We may recommend that certain portions of a client's portfolio be managed by independent third-party managers or recommend direct investment with independent third-party managers, typically when those managers demonstrate knowledge and expertise in a particular investment strategy.

The experience, expertise, investment philosophies and past performance of independent third-party investment managers are examined in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentration and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

Based on a client's individual circumstances and needs, we will determine which selected money manager's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance and the investment philosophy of the selected money manager. We encourage clients to review each third-party manager's disclosure document regarding the particular characteristics of any program and managers selected by us.

We will regularly and continuously monitor the performance of the selected money managers. If we determine that a particular selected money manager is not providing sufficient management services to the client, or are not managing the client's portfolio in a manner consistent with the client's investment objectives, we will remove the client's assets from that selected money manager and place the client's assets with another money manager at our



discretion and without prior consent from the client.

Rootstock will obtain appropriate due diligence on all independent third-party managers, making reasonable inquiries into their performance calculations, policies and procedures, code of ethics policies and other operational and compliance matters to account for performance and risk management. We examine the experience, expertise, investment philosophies and past performance of third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks. Rootstock also confirms that each recommended adviser is either registered or exempt from registration as an investment adviser.

When clients assets are allocated to a third party manager, that manager will always collect an advisory fee from the client's account with that manager. Rootstock's advisory fee will be collected separately, and not remitted back to Rootstock by the manager. Rootstock's fee is not in compensation for a client referral. Rather, it is Rootstock's compensation for the portfolio management for the client as well as ongoing diligence of that manager as it is part of client's portfolio.

### **Risk of Loss**

There are always risks to investing. Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear. It is impossible to name all possible types of risks. Among the risks are the following:

**Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.

**General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.

**Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.

**Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.

**Tax Risks Related to Short Term Trading.** Clients should note that Rootstock may engage in short-term trading transactions. These transactions may result in short term gains or losses for

federal and state tax purposes, which may be taxed at a higher rate than long term strategies. Rootstock endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.

**Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.

**Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.

**Financial Risk.** The amount of debt or leverage determines the financial risk of a company.

**Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.

**Short Sales.** "Short sales" are a way to implement a trade in a security Rootstock feels is overvalued. In a "long" trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor's loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. Rootstock utilizes short sales only when the client's risk tolerances permit.

**Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.

**Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company's future. For example, a company's management may lack experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

**Concentration Risk.** While Rootstock selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.

**Transition Risk.** As assets are transitioned from a client's prior advisers to Rootstock there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by Rootstock. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of Rootstock may adversely affect the client's account values, as Rootstock's recommendations may not be able to be fully implemented.

**Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.

**Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

**Risks specific to sub-advisors and other managers.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or their risk management guidelines are more liberal than we would normally employ. The third-party manager who has been successful in the past may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, it is possible for us to miss the absence of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**REITs.** Rootstock may recommend that significant portions of client portfolios be allocated to real estate investment trusts, otherwise known as "REITs". A REIT is an entity, typically a trust

or corporation, that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful, but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. Clients should ensure they understand the role of the REIT in their portfolio.

**MLPs.** Rootstock may recommend that significant portions of client portfolios be allocated to master limited partnerships, otherwise known as “MLPs”. An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client’s portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager’s experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources or commodities investments. Clients should ask Rootstock any questions regarding the role of MLPs in their portfolio.

**A special note related to the calculation of tax basis:** If a client is unable to provide information on cost basis for tax purposes for each investment at the onset of the client relationship, Rootstock will be unable to provide accurate cost basis information in the future. To the extent any cost basis calculation is ever performed for a client, such client should be aware that without accurate information, any cost basis estimates prepared by Rootstock will be based on the information available combined with certain assumptions as well as mathematical computation. Therefore, if the cost basis is not accurate at the onset of the relationship, there is no guarantee that Rootstock’s calculations will be correct, and materially adverse tax circumstances may result.

## Item 9. Disciplinary action

There are no disciplinary items to report.

## Item 10. Other Financial Industry Activities and Affiliations

### A. Broker-dealer

Neither the principal of Rootstock, nor any related persons are registered, or have an application pending to register, as a broker dealer or as an associated person of the foregoing entities.

### B. Futures Commission Merchant/Commodity Trading Advisor

Neither the principal of Rootstock, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### C. Relationship with Related Persons

This item is not applicable.

### D. Recommendations of other Advisers

While Rootstock may recommend the use of third party managers for client accounts, Rootstock does not receive any compensation from managers for placing assets with them. Further, there are no relationships with third party managers that would give rise to a conflict of interest.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. Rootstock does not recommend to clients that they invest in any security in which Rootstock or any principal thereof has any financial interest.

C. On occasion, an employee of Rootstock may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of Rootstock may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Item 12. Brokerage Practices**

### **A. Recommendation of Broker-Dealer**

Rootstock recommends that investment accounts be held in custody by Schwab Advisor Services ("Schwab"). Schwab offers enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. Schwab is wholly independent from Rootstock. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

Rootstock recommends Schwab to its clients based on a variety of factors. These include, but are not limited to, commission costs. Schwab has what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. Schwab adds value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. Schwab also has arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). Schwab has the highest market share of investment adviser business which makes them the most experienced in matters likely to arise for our clients. Rootstock re-evaluates the use of Schwab at least annually to determine if they

are still the best value for our clients.

Schwab provides us with some non-cash benefits (not available to retail customers) in return for placing client assets with them or executing trades through them. Such non-cash benefits are referred to as “soft dollars”. Currently, these benefits come in the form of investment research and sponsored attendance at various investment seminars. We may also receive such items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest client accounts. If there is any item that has a multi-use aspect, mixed between investment and non-investment purposes, Rootstock will determine a reasonable allocation of investment to non-investment use and soft dollars will be allocated only to the investment portion of the product (and we will pay the remaining cost). Rootstock receives a benefit from these services, as otherwise we would be compiling the same research ourselves. When we utilized such client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. We may have an incentive to select or recommend a broker-dealer/custodian such as Schwab based on our interest in receiving the research or other products or services, rather than on your interests in receiving most favorable execution. This may cause us, or another adviser, to want to place more client accounts with a broker-dealer/custodian such as Schwab, solely because of these added benefits. However, the value to all of our clients of these benefits is included in our evaluation of custodians. Products and services received via soft dollars will generally be used for the benefit of all clients. However, it is possible that a given client’s trades will generate soft dollars that acquire products and/or services that are not ultimately utilized for that same client’s account. Soft dollars provide additional value, and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to Rootstock as part of our evaluation of these broker-dealers.

## B. Aggregating Trades

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, executed one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a pro rata basis, except where doing so would create an unintended adverse consequence (For example, if a pro rata division would result in a client receiving a fraction of a share, or a position in the account of less than 1%.)

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

Accounts are reviewed annually by Greg Simpson. During these reviews, Mr. Simpson reviews the investment policy statement for the client and compares the overall client objectives to the current holdings and asset allocation profile. Strategies for implementation and/or changes to existing holdings will be presented and discussed.

Periodic reviews with clients will vary depending upon the size of the relationship, the scope of services being provided and the desire of the client to have in person meetings. Client holdings are available at all times to clients via secure link to the custodian's website.

Account statements showing detailed position balances, transactions, fees, etc. will be mailed on a monthly basis unless otherwise directed by a client. If a client prefers, statements will be made available online only.

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

Rootstock does not receive any form of compensation for client referrals. We also do not receive compensation for any other products or services. Our fees are solely derived from our investment management fees and consulting fees as described in the client agreement.

### **Item 15. Custody**

Rootstock deducts fees from client accounts, but would not have custody of client funds otherwise. Clients will receive statements directly from Schwab, and copies of all trade confirmations directly from Schwab.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on your quarterly report prepared by Rootstock against the information in the statements provided directly from Schwab. Please alert us of any discrepancies.



**Trustee Services** - In very limited circumstances, a member of the firm may act as a trustee for a client's trust, or potentially as an executor or power of attorney. Clients on whose behalf the firm or a member of the firm act as trustee, executor, or power of attorney will receive statements directly from the account custodian and bank, where applicable. Clients should carefully review these statements, and compare them against any information provided by Rootstock.

## **Item 16. Investment Discretion**

Asset management services may be provided on either a “discretionary” or “non-discretionary” basis. When Rootstock is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes, meaning we select the amount and the type of investment to best suit your specific goals. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and Rootstock.

When a client engages us to provide investment management services on a non-discretionary basis, we monitor the accounts in the same way as for discretionary services. The difference is that changes to your account will not be made until we have confirmed with you (either verbally or in writing) that our proposed change is acceptable to you.

We generally recommend that clients utilize Schwab Advisor Services to act as the broker-dealer/custodian for their accounts. However, the client may use another broker-dealer if the client wishes to do so. Rootstock will not, however, direct trades through another broker-dealer aside from Schwab Advisor Services in exchange for any sort of fee-sharing or commission-splitting.

## **Item 17. Voting Client Securities (i.e. Proxy Voting)**

Unless otherwise specifically directed by a client in writing, Rootstock will vote proxies it receives in line with the client’s best interests. Rootstock will generally be hiring third party managers to invest client assets and therefore will not typically be in receipt of proxy or offering materials. However, in some cases, such as prior to the selection of a third party manager, Rootstock may be responsible for voting client proxies.

## Item 18. Financial Information

Rootstock does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.

Item 1. Cover Page

**Part 2B of Form ADV**

**Brochure Supplement**

The Brochure supplement is provided on our Principal, Rootstock Investment Management, LLC ("Rootstock"). Rootstock contact information is:

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This brochure supplement provides information about certain employees that supplements our Form ADV, Part 2 (brochure attached). You should have received a copy of that brochure as we include this supplement with all copies. Please contact Greg Simpson if you did not receive our Brochure or if you have any questions related to the brochure or this supplement.

Additional information about Rootstock is available on the SEC's website and also at [www.rootstockwealth.com](http://www.rootstockwealth.com).

## Item 2. Educational Background and Business Experience

Gregory J. Simpson, CFA

Born 1969

Education and certifications:

- BS/BA degree in Finance and Economics from Clarion University in 1991
- Received the CFA designation in 1997 from the CFA Institute
- Master's Degree in Business Administration (MBA) with a concentration in Finance from Carnegie Mellon University (CMU) in Pittsburgh, PA in 2001

Business Background:

- 22 years in the Financial Services industry providing investment, tax and financial planning advice to high net worth individuals, endowments, foundations and other charitable entities
- From 1999 to 2013 employed at BNY Mellon Wealth Management in a variety of Investment Management capacities, most recently as Managing Director in the Family Wealth Segment

Professional Designations:

### **Chartered Financial Analyst**

The Chartered Financial Analyst (CFA) designation is a globally respected, graduate-level investment credential established in 1962 and awarded by the CFA Institute, the largest global association of investment professionals.

To earn the CFA designation, candidates must (1) pass three sequential, six-hour examinations, (2) have at least four years of qualified professional investment experience, (3) join the CFA Institute as members, and (4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

*High Ethical Standards* - The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, requires CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

*Global Recognition* - Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study at each level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision-making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders, often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 19 countries recognize the CFA charter as a proxy for meeting certain licensing requirements. More than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

*Comprehensive and Current Knowledge* - The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test proficiency in a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment management skills to reflect the dynamic and complex nature of the profession.

### **Item 3. 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 each supervised person providing investment advice. No information is applicable to this Item for Mr. Simpson

### **Item 4. Other Business Activities**

Mr. Simpson does not participate in outside business activities. Not applicable.

## **Item 5. Additional Compensation**

Gregory Simpson does not receive any additional compensation for providing advisory services beyond that received in his capacity as Owner and Principal for Rootstock Investment Management, LLC.

## **Item 6. Supervision**

Gregory Simpson is the Chief Compliance Officer for Rootstock and is responsible for the supervision of all advisory activities for the firm. Periodic reviews of any and all outside activities are conducted to ensure the suitability and accurate management of all client accounts.