



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

**Sweetwater Investments, Inc.**

16398 NE 85th Street  
Suite 201  
Redmond, WA 98052

Telephone: (425) 861-0112  
Email: [dennis@sweetwaterinv.com](mailto:dennis@sweetwaterinv.com)  
Web Address: [www.sweetwaterinv.com](http://www.sweetwaterinv.com)

03/31/2015

This brochure provides information about the qualifications and business practices of Sweetwater Investments, Inc. If you have any questions about the contents of this brochure, please contact us at (425)861-0112 or [dennis@sweetwaterinv.com](mailto:dennis@sweetwaterinv.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 Sweetwater Investments, 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 107493.

## Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 03/31/2015, is our disclosure document prepared according to the SEC's requirements and rules. As you will see, this document is a narrative and substantially different in form and content from previous disclosures. It includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Material changes in this filing include a fee schedule, some new solicitors, and a new chart outlining our services.

## Item 3 Table of Contents

Item 2 Material Changes .....	2
Item 3 Table of Contents.....	3
Item 4 Advisory Business .....	4
Item 5 Fees and Compensation .....	14
Item 6 Performance-Based Fees and Side-By-Side Management .....	22
Item 7 Types of Clients.....	23
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.....	23
Item 9 Disciplinary Information .....	26
Item 10 Other Financial Industry Activities and Affiliations .....	27
Item 11 Code of Ethics, Insider Trading, Participation or Interest in Client Transactions and Personal Trading.....	27
Item 13 Review of Accounts.....	35
Item 14 Client Referrals and Other Compensation.....	38
Item 15 Custody.....	39
Item 16 Investment Discretion.....	40
Item 17 Voting Client Securities.....	40
Item 18 Financial Information .....	41

## Item 4 Advisory Business

Sweetwater Investments, Inc. is a fee only SEC-registered investment adviser with its principal place of business located in Redmond, WA. Sweetwater Investments, Inc. began conducting business in 1989.

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

- Dennis Robert Gibb

Sweetwater Investments, Inc. offers the following advisory services to our clients the chart below outlines our services, the fees for those services and the type of client for whom they might be appropriate. Each service is discussed in more detail in the pages following the chart.

	Hourly fees	Focused Planning	Complete Financial plan	Portfolio Management	Investment Consultation
<b>Topic Specific planning on areas needing particular focus</b>	✓				✓
	Hourly planning could include any or all of the topics listed to the left.				
<b>Cash Flow and Debt Management</b>		✓	✓		
<b>Financial Statement Analysis</b>		✓	✓		
<b>Education Planning</b>		✓	✓		
<b>Income Tax Review</b>		✓	✓		
<b>Insurance Analysis</b>		✓	✓		
<b>Retirement Planning</b>		✓	✓		
<b>Estate Planning Review</b>		✓	✓		
<b>Risk Tolerance Investment Planning</b>		✓	✓	✓	✓
<b>Model-Based Investment Management</b>			✓	✓	✓
<b>Selection of Third Party Investment Managers</b>			✓	✓	✓
<b>Portfolio Rebalancing</b>			✓	✓	✓
<b>Performance Reporting</b>				✓	✓
<b>Direct Account Management per Client Goals</b>				✓	
<b>Meeting Frequency</b>	As Requested	As Needed, minimum = 2	Minimum = 4	2 - 4 meetings per	As Needed
<b>Best suited for</b>	Those who have questions on a variety of topics for which they need answers or need a second opinion on a major financial decision.	Planning topics focused on specific issues.	Clients who want a roadmap for all aspects of their finances. May or may not want professional investment management services.	Clients who already have a financial plan but who prefer to outsource construction and management of their portfolio.	Investment guidance for clients who have a financial plan and wish to retain direct management of their portfolio.
<b>Fee</b>	\$200 / hour	Fixed price based on discounted hourly rates or by the hour.	Fixed price based on discounted hourly rates or by the hour.	% of assets under management or flat retainer.	Fixed price based on discounted hourly rates or by the hour.

## **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions during which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, family composition, background and overall attitudes concerning investments.

We manage these advisory accounts on either a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), tax considerations, liquidity needs and other factors.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. However in imposing these restrictions clients should understand that they may adversely affect investment performance and increase the overall costs of investment management.

As an independent advisor Sweetwater is able to select the best product(s) to fulfill a client's needs regardless of the vendor and will generally include advice regarding the following securities:

- Exchange-listed securities
- Exchange traded products
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- 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

- Interests in partnerships investing in oil and gas

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.

## **INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT**

Our firm provides portfolio management services to clients through the use model asset allocation portfolios. Each portfolio is designed to meet a particular investment goal.

### **The 7-12 Multi-Asset Portfolio**

---

7 asset classes and 12 sub-asset classes

Equal weighted, re-balanced at least annually but may be re-balanced more frequently or as market conditions and client's direction warrant.

#### **7 asset classes**

- U.S. Equity
- Non-U.S. Equity
- Real Estate
- Resources
- U.S. Fixed Income
- Non-U.S. Fixed Income
- Cash

#### ***12 sub-asset classes. 1/12 = 8.33% each***

- Large-Cap U.S. Equity
- Mid-Cap U.S. Equity
- Small-Cap U.S. Equity
- Developed non-U.S. Equity
- Emerging non-U.S. Equity
- Global Real Estate
- Resources
- Commodities
- U.S. Aggregate Bonds
- U.S. Treasury Inflation-Protected Bonds (TIPS)
- Non-U.S. Bonds
- U.S. Money Markets

### **Traditional Allocation Models**

The following models follow a more traditional structure. They will be re-balanced at least annually, but may be re-balanced more frequently or as market conditions and client direction warrant. Accounts utilizing these model allocations may take a tactical position in other asset classes as dictated by market conditions.

**Conservative Allocation**

20% Equity/50% Fixed Income/5% Cash  
15% Large-Cap U.S. Equity  
5% International-Developed and Emerging Equity  
50% Fixed Income  
30% Cash

**Moderately Conservative Allocation**

40% Equity/50% Fixed Income/10% Cash  
25% Large-Cap U.S. Equity  
5% Mid and Small-Cap U.S. Equity  
10% International — Developed and Emerging Equity  
50% Fixed Income  
10% Cash

**Moderate Allocation (aka Balanced Allocation)**

60% Equity/35% Fixed Income/5% Cash  
35% Large-Cap U.S. Equity  
10% Mid and Small-Cap U.S. Equity  
15% International — Developed and Emerging Equity  
35% Fixed Income  
5% Cash

**Moderately Aggressive Allocation**

80% Equity/15% Fixed Income/5% Cash  
45% Large-Cap U.S. Equity  
15% Mid and Small-Cap U.S. Equity  
20% International — Developed and Emerging Equity  
15% Fixed Income  
5% Cash

**Aggressive Allocation**

95% Equity/5% Cash  
50% Large-Cap U.S. Equity  
20% Mid and Small-Cap U.S. Equity  
25% International — Developed and Emerging Equity  
5% Cash

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's

individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

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

- Exchange-listed securities
- Exchange Traded Products
- Securities traded over-the-counter
  - Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities

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.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. send written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;
2. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
3. be reasonably available to consult with the client; and
4. maintain client suitability information in each client's file.



## INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background. We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors, although the client acknowledges in doing so it may increase the cost of managing the portfolio and/or reduce investment returns

Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio on either a quarterly or annual basis, based on the client's individual needs and direction.

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
- Exchange Traded Products
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- 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
- Interests in partnerships investing in oil and gas interests

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

### **SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS**

We also offer advisory management services to our clients through our Selection and Monitoring of Third-Party Money Managers programs (hereinafter, "Programs").

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into the client's Personal Investment Policy Statement ("IPS" or "PIPS").

Based on the client's individual circumstances and needs (as exhibited in the client's PIPS) we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client 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 are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with the client's PIPS. The adviser(s) then creates and manages the client's portfolio based on the client's individual needs as exhibited in the PIPS.

We 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 PIPS, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists 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.

Sweetwater receives no compensation or other consideration from the third party manager in return for their selection any fees paid to the 3rd party managers may be in addition to the fees charged by Sweetwater.

### **SELECTION AND MONITORING OF THIRD PARTY MONEY MANAGERS FOR NATIVE AMERICAN ORGANIZATIONS**

We provide Investment supervisory services to a number of Native American organizations in which we select and monitor unaffiliated investment managers for the organization's assets.

In pursuing this line of business we have to modify our methods due to the unique legal structure of the tribes. The act of engaging or discharging an investment manager for a Native American organization in many cases is a governmental act requiring a resolution of the governing council. There are times where it is impossible to gather the necessary parties in a short period of time and delays occur between the recommendation to the Tribal government and their actions which can result in substantial economic loss.

The Tribes often include in our contract a provision allowing us to terminate a manager without prior written approval of the Tribe, if in our judgment, failure to terminate would cause damage to the Tribe's assets. In no case are we permitted to hire an investment manager without action by the Tribe. Even in the case where we terminate a manager Sweetwater does not engage in making investment decisions for the portfolio unless those decisions are absolutely necessary to preserve the client's assets. In the case where we are required to liquidate the assets we make every attempt to inform the client and seek their input prior to acting.

Due this ability to terminate investment managers without prior approval from the tribe we are "deemed" to be managing these assets.

In all other respects our selection and monitoring of third party managers for tribal clients is identical to those used for non-Tribal clients.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client a detailed financial plan designed to assist the client to achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile. This review is made in consultation with outside insurance experts. If our review determines a need for additional insurance coverage the client is directed to non-affiliated insurance advisors.

- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and sources of income in the event of a disability.
- **ESTATE:** In coordination with a qualified attorney we assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather the required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

We may also be called upon in the planning process to review and make recommendations on the composition and allocation of client assets to various asset classes and to make specific recommendations on the types of securities listed below:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares

- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Interests in partnerships investing in other nontraditional investments

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **ADVISORY REFERRAL SERVICES**

Sweetwater Investments, Inc. **does not** act as a solicitor on behalf of independent registered investment advisers. We refer clients to independent registered investment advisors based on a client's individual circumstances and needs. We will assist the client in determining which independent adviser's portfolio management services are appropriate for that client. Factors considered in making this determination, including account size, risk tolerance, and a client's investment experience, are discussed during our consultation with the client.

Sweetwater Investments, Inc. will meet with the client on a regular basis, or as determined by the client, to review the account. We will, when needed, suggest changes in the client's portfolio ("rebalancing"), to more effectively address each client's goals. The client may then instruct the independent adviser to make any or all of the changes we recommended. These recommendations are our own, and are neither recommended nor approved by any other adviser.

Any rebalancing of the portfolio is done with the client's approval, and will be reviewed and implemented by the independent investment adviser. At all times Sweetwater Investments, Inc. will ensure that all federal and/or state specific requirements governing referrals to independent registered investment manager activities are met.

### **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.

### **POOLED INVESTMENT VEHICLES**

Sweetwater Investments, Inc. is the general partner (GP) of two pooled investment vehicles, Income Flood LP, and Income Flood QP.

Income Flood invests in a laddered portfolio of 1-4 year maturity US Treasury direct bond obligations. The partnership then sells put and call options, on the Standard and Poor's 500 Index. With no more than 35 days to expiration

The purpose of the option sales is to achieve positions in options at strike prices that will provide a 98.1% probability that the options will expire at zero value. Since the partnership's operations are limited only to sales of options the partnership and its limited partners retain the option premium generated.

Selling options involves considerable risk of loss and therefore the partnership is only offered to those persons who are accredited investors. The minimum investment for Income Flood LP is \$100,000. The general partner places an additional restriction that the amount invested can be no more than 20% of the client's investable assets.

### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2014, we were actively managing \$424,678,631 of clients' assets on a discretionary basis plus \$703,441,651 of clients' assets on a non-discretionary basis. The figure for discretionary assets includes \$72,694,876 in Income Flood LP and the figure for non-discretionary assets includes \$630,746,775 for Native American organizations being managed by numerous third-party money managers.

## **Item 5 Fees and Compensation**

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

Sweetwater Investments is a conflict free, fee only firm.

Our promise to you is that after we have met but before we do any work you will know exactly what the fee will be for the work you receive. There will be no surprises or hidden fees. All fees, with the exception of some financial planning fees described below, are billed quarterly in arrears, we are paid only for the work we do not from what we promise to do.

Retainer Fees (based on investable assets under management). Investable assets are defined as accounts that can be managed by Sweetwater Investments are a total of the household investment assets not to include active company retirement plans.

1% of investable assets up to 3,000,000

.50% of investable assets from \$ 3,000,001 to \$5,000,000

.40% of investable assets above \$5,000,001

Services included in our retainer fee:

- Comprehensive Financial Planning (savings and retirement)
- Resource Allocation reviews ( allocating funds to new ventures, property or education)
- Implementation of investment and financial plan recommendations
- Portfolio Diversification reviews
- Insurance review
- Ongoing monitoring of the assets
- Annual updates of financial plan assumptions and progress
- Quarterly and annual performance reports
- Annual reports of gains, losses and income sent to tax advisor
- Unlimited telephone and email access to an advisor
- Asset allocation advice on 401k plans for active employees
- Assess to non-affiliated investment managers
- In person meetings on a mutually agreed to schedule
- Risk, Liquidity and diversification assessments at least annually but may be done at other intervals)

For clients with less than \$250,000 in investable assets who desire a financial plan, Sweetwater Investments will charge \$3,000 for the plan and any asset management fees will be in addition to that fee. The \$3,000 fee is payable in full at the beginning of the process.

### **Performance-Based Fees**

Sweetwater is also the General Partner of Income Flood LP and Income Flood QP (IF). IF is restricted to those clients who meet the standards of an accredited investor and is not offered to all the clients of the firm.

Income Flood charges a fee which is 20% of the amount the partnership's operations out-perform its benchmark after deduction of the partnership's 1% base management fee. The performance fee is typically calculated and paid after the end of the Partnership's operating year. IF's operating year is based on the schedule for monthly option expiration and therefore does not coincide with Sweetwater's fiscal year.

The fee is determined and revealed to the client in the year end reports sent to each client. IF does not charge any performance fee if the partnership's operations do not result in performance in excess of its benchmark and will not charge the fee until the partnership has made up any underperformance against its benchmark. .

Clients who elect to terminate their investment prior to the end of the partnership's operating year will be charged a performance-based fee based on the performance of the account for the measuring period going back from the termination date to the beginning of the operating year and pro-rated from the date on which the performance-based fee was previously assessed by our firm. Clients will also be responsible for the pro rata portion of the fixed management fee.

In measuring the client's assets for the calculation of performance-based fees, Sweetwater Investments, Inc. shall include: securities for which market quotations are readily available, the realized capital losses and unrealized capital losses of securities over the period and, if the unrealized capital appreciation of the securities over this period is included, the unrealized capital depreciation of securities is also included.

IF is required to invest its portfolio in only US Treasury direct obligations with maturities between one and four years. It is unlikely that the existence of performance fee will affect the risk characteristics of the bonds in the portfolio. IF sells combinations of Call and Put options expiring no more than 35 days from the date of sale and only if they are within the price limits determined by the selection process. The existence of a performance fee may cause the partnership to invest in options contracts which have higher risk while still falling inside its investment parameters, than another fee arrangement might produce.

PERFORMANCE-BASED FEES WILL ONLY BE CHARGED TO INVESTORS IN INCOME FLOOD AND PERFORMANCE FEES WILL NOT BE OFFERED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.

**Account Management Fees:** Sweetwater Investments, Inc. typically charges a fee for account management that is calculated and paid as a percentage of the assets under management. The Account Management Fee is calculated at an annual rate not to exceed **1.50%**. Fees are calculated on a quarterly basis, and are payable, **in arrears** based on the value of the account at the end of each billing period. The Account Management Fee is prorated for periods less than a full billing cycle and adjusted to cover any contributions or withdrawals made during that period.

**Limited Negotiability of Advisory Fees:** Although Sweetwater Investments, Inc. has established the aforementioned fee schedule(s); 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. The specific annual fee schedule will be identified in writing in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Members of Sweetwater Investments and their immediate family members who are invested in Income Flood pay the same fees as non family member clients.

## **INVESTMENT SUPERVISORY SERVICES MODEL PORTFOLIO MANAGEMENT FEES**



Retainer Fees (based on investable assets under management). Investable assets are defined as accounts that can be managed by Sweetwater Investments are a total of the household investment assets not to include active company retirement plans.

1% of investable assets up to \$3,000,000

.50% of investable assets from \$3,000,001 to \$5,000,000

.40% of investable assets above \$5,000,001

A minimum of **\$250,000.00** of assets under management is required for this service. This account size may be negotiable under certain circumstances. Sweetwater Investments, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Sweetwater Investments, Inc. has established the aforementioned fee schedule(s); 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. The specific annual fee schedule will be identified in writing in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

No fee discounts will be offered to family members and friends of associated persons of our firm.

## **PORTFOLIO MANAGEMENT SERVICES FEES**

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from **.40% to 1.00%**.

The annualized fee for Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedule:

Retainer Fees (based on investable assets under management.) Investable assets are defined as accounts that can be managed by Sweetwater Investments are a total of the household investment assets not to include active company retirement plans.

1% of investable assets up to \$3,000,000

.50% of investable assets from \$3,000,001 to \$5,000,000

.40% of investable assets above \$5,000,001

The annualized fee for Portfolio Management Services will be charged as a fixed fee, negotiated on a case-by-case basis. Overall factors to be considered will include the type and amount of assets to be managed and the complexity of the client's circumstances. Sweetwater Investments, Inc.'s fixed fees range from **\$1,000 to \$40,000**.

A minimum of **\$250,000** of assets under management is required for this service. This account size may be negotiable under certain circumstances. Sweetwater Investments, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Sweetwater Investments, Inc. has established the aforementioned fee schedule(s); 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. The specific annual fee schedule will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## **MODEL PORTFOLIO MANAGEMENT FEES**

Our annual fees for Model Portfolio Management Services are based upon a percentage of assets under management and generally range from .50% to 1.25%.

The annualized fee for Model Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedule:

Retainer Fees (based on investable assets under management). Investable assets are defined as accounts that can be managed by Sweetwater Investments are a total of the household investment assets not to include active company retirement plans.

1% of investable assets up to \$3,000,000

.50% of investable assets from \$3,000,001 to \$5,000,000

.40% of investable assets above \$5,000,001

The annualized fee for Model Portfolio Management Services will be charged as a fixed fee, negotiated on a case-by-case basis. Overall factors to be considered will include the type and amount of assets to be

managed and the complexity of the client's circumstances. Sweetwater Investments, Inc.'s fixed fees range from \$1,000 to \$40,000.

A minimum of \$250,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Sweetwater Investments, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

***Limited Negotiability of Advisory Fees:*** Although Sweetwater Investments, Inc. has established the aforementioned fee schedule(s); 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. The specific annual fee schedule will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## **SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS FEES**

Sweetwater Investments, Inc.'s fee for this service does not include the independent investment adviser's fee for advisory/management services. The independent investment adviser's management fee is disclosed in the independent investment adviser's Firm Brochure or other disclosure document.

Our annual fee for the Manager Selection Program is charged as a percentage of assets under management, according to the following schedule:

\$3,000,000 to \$10,000,000	.375%
\$10,000,001 to \$100,000,000	.25%
\$100,000,001 to \$1 Billion	.20 %
\$1 Billion, one dollar and above	.15%

## **ADVISORY REFERRAL SERVICES FEES**

Sweetwater receives no fees, compensation or inducement from independent registered investment advisors for any referrals. Such referrals are done solely to facilitate the client's goal accomplishment. To accept fees from an independent registered investment advisor represents a conflict of interest and violates what we understand to be our fiduciary duty.

In some cases the client may engage Sweetwater to provide continuing monitoring of the accounts for which Sweetwater would charge an hourly fee ranging between \$150 and \$250 per hour depending on the client's requirements.

### **FINANCIAL PLANNING FEES**

The construction of a financial plan is included in our retainer fee for most services we offer. However sometimes a client will request a financial plan as a sole service to be performed by Sweetwater Investments. Our minimum fee for preparation of a financial plan is \$3,000.

For clients with in excess of \$250,000 in investable assets the financial planning fee is payable 50% at the commencement of work with the remainder due at plan delivery. For clients with \$250,000 or less in investable assets the financial planning fee is payable at the commencement of work,

***Financial Plan Hourly Fee Payment:*** The client will be billed monthly in arrears based on actual hours accrued.

### **CONSULTING SERVICES FEES**

Sweetwater Investments, Inc.'s Consulting Services fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Consulting Services fees are calculated and charged on an hourly basis, ranging from \$200 to \$300 per hour. An estimate for the total hours is determined at the start of the advisory relationship.

Our Consulting Services fees may also be charged as a percentage of assets under advisement by our firm, typically ranging from .10% to .50% of assets under review, depending on the nature and complexity of each client's circumstances, and upon mutual agreement with the client.

The client will be billed quarterly in arrears based on actual hours accrued.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** A client agreement in any product except Income Flood may be canceled at any time, by either party, for any reason upon receipt of written notice. Clients invested in Income Flood LP or Income Flood QP may only terminate during the monthly period when the partnership does not have options contracts in force. In general that period is seven days after the monthly expiration of options contracts.

Sweetwater does not require fees to be paid in advance with the exception of the financial planning fee for clients desiring only a financial plan and for those clients with less than \$250,000 in investable assets. In the event the client insists on prepaying fees, upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. For fees paid in arrears, the client will be billed on a pro rata basis for the fee between the last regular billing date and the date of termination. Clients understand that since Sweetwater bills in arrears, fees are due to the firm in the event of termination.

***Mutual Fund Fees:*** All fees paid to Sweetwater Investments, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETF their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which 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:*** Sweetwater currently does not participate in any separate account or wrap fee account programs. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Clients participating *in* separately managed account programs may be charged various program fees in addition to an advisory fee. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. Client 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. We will review with clients any separate program fees that may be charged to clients.

***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.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to Sweetwater Investments, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** Sweetwater Investments, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Sweetwater Investments, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Sweetwater Investments, Inc.'s advisory fees.

However neither Sweetwater as a firm or its related persons receive any compensation or 12b-1 fees for any product.

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

**Limited Prepayment of Fees:** With the exception of financial planning for clients with \$250,000 or less in investable assets or those desiring only a financial plan Sweetwater does not require or solicit payment of fees in advance of services rendered. In the case of financial planning for clients with \$250,000 or less we require the full fee be paid in advance. For those with investable assets in excess of \$250,000 who desire only a financial plan Sweetwater requires 50% of the fee at the commencement of the work and the remainder at plan delivery.

In no case will there be more than six months between the prepayment of the fee and the provision of service.

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

### **PERFORMANCE-BASED FEES**

As we disclosed in Item 5 of this Brochure, for those clients invested in Income Flood LP and QP our firm accepts a performance-based fee. Such a performance-based fee is calculated at year end and based on the extent to which the partnership's performance has exceeded its benchmark. Not all clients of Sweetwater will qualify to invest in Income Flood LP and QP, since not all clients are accredited investors.

Clients should be aware that performance-based fee arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Furthermore, since not all clients are eligible to investment in Income Flood LP and QP, we may have an incentive to favor Income Flood LP and QP because compensation we receive is more directly tied to the performance of their accounts.

## Item 7 Types of Clients

Sweetwater Investments, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Other pooled investment vehicles (e.g., hedge funds) Charitable organizations
- Corporations or other businesses not listed above
- State or municipal government entities
- Native American Organizations
- Retirement Plans
- Endowments
- Public Sector Retirement Plans

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

### METHODS OF ANALYSIS

**We use the** following methods of analysis in formulating our investment advice and/or managing client assets:

***Charting.*** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when, how long the trend may last and when that trend might reverse.

***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.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect however since we demand a margin of safety between the determined value of the asset and the prices at which we will purchase this risk is reduced but can never be totally eliminated.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of 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 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.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if the manager has demonstrated an ability to create a positive investment performance over a period of time and in different economic conditions while remaining faithful to their mandates. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another funds) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

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***

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) 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 advantages 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). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

***Short sales.*** We, or our custodian on our behalf, borrow shares of a stock from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit. Clients should be aware that short selling can expose the client to large, possibly unlimited loss. Short sales may also be affected by purchase of ETF whose portfolio gains in value as the market declines. The actions of the ETF may or may not result in the same gain or loss as from a traditional short sale due to the construction of the ETF.

***Margin transactions.*** We do not use margin transactions as an investment strategy. However, we do recommend, where appropriate, that a client establish a margin account with the client's custodian. In

this situation, if we are selling one stock and purchasing another stock with the proceeds, we can use the margin account to make certain that you are not left out of the purchase if we have difficulty completing the sale.

**Option Strategies.** We may use options as an investment strategy. An option is a contract by which a holder of the option gains the right and/or 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 the option holder right (but not the obligation) 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 the option holder the right (but not the obligation) 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.

There are three primary purposes for our options transactions. First, we use options to a purchase of the underlying security; in other words, we will use an option purchase or sale to limit the potential upside or downside risk of a security we have purchased for your portfolio.

Second, we 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. This method can generate additional income for a portfolio but may also reduce the upside potential of a stock. A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

Third, we 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. A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

Income Flood uses various options strategies on the Standard and Poor's 500 Index. The objective of these strategies is to sell options in accordance with a formula so that the options have a high probability of expiring worthless. Income Flood is only available to clients who are qualified investors.

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

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

### ***Pooled investment vehicle(s):***

Management personnel of Sweetwater Investments, Inc. may also be managing member(s) of limited liability companies (LLCs) and/or general partner(s) to limited partnerships (LPs) formed for investment purposes. As appropriate, our advisory clients may be solicited to invest in such LLCs and/or LPs. These related persons of our firm do not receive investment advisory compensation in relation to these investments, but do have a conflict of interest in soliciting client investments.

Because investment in these types of entities may involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability and after full disclosure of the any current or potential conflict of interest.

Related persons of our firm may spend may devote as much as 20% of their time on these related activities.

A list of these affiliated entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.B. Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

Clients interested in investing in the partnership/company should refer to the partnership's/ company's private placement memorandum for more information specific to the partnership/ company.

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

The section below dealing with insider trading is extracted from Sweetwater's internal code of ethics and is reproduced here in the interest of more complete disclosure.

Some of Sweetwater's clients may be officers or directors of publicly held companies; they may also be limited partners of venture capital and private equity firms. Some clients may be shareholders of privately held firms which are being acquired by publicly held firms. All of these categories of clients may come in contact with material information or be deemed an insider.

While not required to provide this discussion of our handling of insider trading we feel it is important for those reading this brochure to see how we handle the issue of insider trading and possession of material information.

### **Insider Trading**

Trading securities while in possession of material, nonpublic information, or improperly communicating that information to others may expose supervised persons and Sweetwater Investments, Inc. to stringent penalties. Criminal sanctions may include a fine of up to \$1,000,000 and/or ten years imprisonment. The SEC can recover the profits gained or losses avoided through the illegal trading, impose a penalty of up to three times the illicit windfall, and/or issue an order permanently barring you from the securities industry. Finally, supervised persons and Sweetwater Investments, Inc. may be sued by investors seeking to recover damages for insider trading violations.

The rules contained in this Code apply to securities trading and information handling by supervised persons of Sweetwater Investments, Inc. and their immediate family members.

The law of insider trading is unsettled and continuously developing. An individual legitimately may be uncertain about the application of the rules contained in this Code in a particular circumstance. Often, a single question can avoid disciplinary action or complex legal problems. You must notify the Compliance Officer immediately if you have any reason to believe that a violation of this Code has occurred or is about to occur.

## **General Policy**

No supervised person may trade, either personally or on behalf of others (such as investment funds and private accounts managed by Sweetwater Investments, Inc.), while in the possession of material, nonpublic information, nor may any personnel of Sweetwater Investments, Inc. communicate material, nonpublic information to others in violation of the law.

### **1. What is Material Information?**

Information is material where there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions. Generally, this includes any information the disclosure of which will have a substantial effect on the price of a company's securities. No simple test exists to determine when information is material; assessments of materiality involve a highly fact-specific inquiry. For this reason, you should direct any questions about whether information is material to the Compliance Officer.

Material information often relates to a company's results and operations, including, for example, dividend changes, earnings results, changes in previously released earnings estimates, significant merger or acquisition proposals or agreements, major litigation, liquidation problems, and extraordinary management developments.

Material information also may relate to the market for a company's securities. Information about a significant order to purchase or sell securities may, in some contexts, be material. Prepublication information regarding reports in the financial press also may be material. For example, the United States Supreme Court upheld the criminal convictions of insider trading defendants who capitalized on prepublication information about The Wall Street Journal's "Heard on the Street" column.

You should also be aware of the SEC's position that the term "material nonpublic information" relates not only to issuers but also to Sweetwater Investments, Inc.'s securities recommendations and client securities holdings and transactions.

## **2. What is Nonpublic Information?**

Information is "public" when it has been disseminated broadly to investors in the marketplace. For example, information is public after it has become available to the general public through a public filing with the SEC or some other government agency, the Dow Jones "tape" or The Wall Street Journal or some other publication of general circulation and after sufficient time has passed so that the information has been disseminated widely.

## **3. Identifying Inside Information**

Before executing any trade for yourself or others, including investment funds or private accounts managed by Sweetwater Investments, Inc. ("Client Accounts"), you must determine whether you have access to material, nonpublic information. If you think that you might have access to material, nonpublic information, you should take the following steps:

- Report the information and proposed trade immediately to the Compliance Officer.
- Do not purchase or sell the securities on behalf of yourself or others, including investment funds or private accounts managed by the firm.
- Do not communicate the information inside or outside the firm, other than to the Compliance Officer.
- After the Compliance Officer has reviewed the issue, the firm will determine whether the information is material and nonpublic and, if so, what action the firm will take.
- You should consult with the Compliance Officer before taking any action. This degree of caution will protect you, our clients, and the firm.

## **4. Contacts with Public Companies**

Contacts with public companies may represent an important part of our research efforts. The firm may make investment decisions on the basis of conclusions formed through such contacts and analysis of publicly available information. Difficult legal issues arise, however, when, in the course of these contacts, a supervised person of Sweetwater Investments, Inc. or other person subject to this Code becomes aware of material, nonpublic information. This could happen, for example, if a company's Chief Financial Officer prematurely discloses quarterly results to an analyst, or an investor relations representative makes selective disclosure of adverse news to a handful of investors. In such situations, Sweetwater Investments, Inc. must make a judgment as to its further conduct. To protect yourself, your clients and the firm, you should contact the Compliance Officer immediately if you have any reason to believe that you may have received material, nonpublic information.

## 5. Tender Offers

Tender offers represent a particular concern in the law of insider trading for two reasons: First, tender offer activity often produces extraordinary gyrations in the price of the target company's securities. Trading during this time period is more likely to attract regulatory attention (and produces a disproportionate percentage of insider trading cases). Second, the SEC has adopted a rule which expressly forbids trading and "tipping" while in the possession of material, nonpublic information regarding a tender offer received from the tender offeror, the target company or anyone acting on behalf of either. Supervised persons of Sweetwater Investments, Inc. and others subject to this Code should exercise extreme caution any time they become aware of nonpublic information relating to a tender offer.

## 6. Restricted/Watch Lists

Although Sweetwater Investments, Inc. does not typically receive confidential information from portfolio companies, it may, if it receives such information take appropriate procedures to establish restricted or watch lists in certain securities.

The Compliance Officer may place certain securities on a "restricted list." Supervised persons are prohibited from personally, **or** on behalf of an advisory account, purchasing or selling securities during any period they are listed. Securities issued by companies about which a number of supervised persons are expected to regularly have material, nonpublic information should generally be placed on the restricted list. The Compliance Officer shall take steps to immediately inform all supervised persons of the securities listed on the restricted list.

The Compliance Officer may place certain securities on a "watch list." Securities issued by companies about which a limited number of supervised persons possess material, nonpublic information should generally be placed on the watch list. The list will be disclosed only to the Compliance Officer and a limited number of other persons who are deemed necessary recipients of the list because of their roles in compliance.

### Participation or Interest in Client Transactions and Personal Trading General Policy

**While Sweetwater does not compete with its clients the principals of the firm are investors. We feel that in the interest of full disclosure that the trading activities of the principals of the firm will be handled in a way that prevents conflict of interest between the principals of the firm and its clients.**

Sweetwater Investments, Inc. has adopted the following principles governing personal investment activities by Sweetwater Investments, Inc.'s supervised persons:

- The interests of non-related, non-supervised client accounts will at all times be placed first;
- All personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and
- Supervised persons must not take inappropriate advantage of their position to access information that is nonpublic or to trade in any way that is to the detriment of non-supervised persons

### **Pre-Clearance Required for Participation in IPOs**

No supervised person shall acquire any beneficial ownership in any securities in an Initial Public Offering for his or her account, as defined herein without the prior written approval of the Compliance Officer who has been provided with full details of the proposed transaction (including written certification that the investment opportunity did not arise by virtue of the supervised person's activities on behalf of a client) and, if approved, will be subject to continuous monitoring for possible future conflicts.

### **Pre-Clearance Required for Private or Limited Offerings**

No supervised person shall acquire beneficial ownership of any securities in a limited offering or private placement without the prior written approval of the Compliance Officer who has been provided with full details of the proposed transaction (including written certification that the investment opportunity did not arise by virtue of the supervised person's activities on behalf of a client) and, if approved, will be subject to continuous monitoring for possible future conflicts.

### **Interested Transactions**

No supervised person shall recommend any securities transactions for a client without having disclosed his or her interest, if any, in such securities or the issuer thereof, including without limitation:

- any direct or indirect beneficial ownership of any securities of such issuer;
- any contemplated transaction by such person in such securities;
- any position with such issuer or its affiliates; and
- any present or proposed business relationship between such issuer or its affiliates and such person or any party in which such person has a significant interest.

### **Item 12 Brokerage Practices**

For discretionary clients, Sweetwater Investments, Inc. requires clients to provide us with written authority directing our use of a particular broker dealer to whom they wish to direct brokerage activity and the commission costs that will be charged for transactions. In cases where the client does not choose to designate a specific broker Sweetwater may recommend one of the firms with which it has relationships. In establishing accounts at these firms the client is required to sign and acknowledge a limited power of attorney allowing Sweetwater trading authority. Such discretion is also included in our separate investment management contract.

Our Code of Ethics prohibits Sweetwater Investments, Inc. from participation in any soft dollar arrangements or accepting any soft dollar benefits.

Sweetwater Investments, Inc. will create block trades where possible and when advantageous to clients. This block trading permits the 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 a better average share price. Sweetwater Investments, Inc. will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Sweetwater Investments, Inc.'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 Sweetwater Investments, Inc., or our firm's order allocation policy.
2. The portfolio manager must determine that the purchase or sale of the particular security involved is in the client's best interest and consistent with the client's investment objectives and any investment guidelines or restrictions applicable to the client's account.
3. The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Sweetwater Investments, Inc. 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. When entering an aggregated trade the portfolio manager will place the trade and wait for confirmation of execution. Once confirmation is received the portfolio manager must allocate the purchases to the individual client accounts shortly after the close of trading for the day. A copy of the allocation directions, including the client's name, account number, number of shares, price and name of custodian must be forwarded to the chief compliance officer by the close of business each day.
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. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket 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 ticket 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 the initial 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. Sweetwater Investments, Inc.'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 Sweetwater Investments, Inc.'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. In any partial execution or prorate distribution of a trade in which a principal of Sweetwater is involved the accounts of such person will stand last in line to receive or execute shares, clients must be executed first.

Sweetwater Investments, Inc. may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Sweetwater Investments, Inc. is independently owned and operated and not affiliated with Schwab.

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

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

Schwab Institutional also makes available to our firm other products and services that benefit Sweetwater Investments, Inc. 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

1. provide access to client account data (such as trade confirmations and account statements);

2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. provide research, pricing and other market data;
4. facilitate payment of our fees from clients' accounts; and
5. assist with back-office functions, record keeping and client reporting.

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

1. compliance, legal and business consulting and education;
2. publications and conferences on practice management and business succession; and
3. 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 Sweetwater Investments, Inc. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend 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.

Sweetwater Investments, Inc. participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC, an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Sweetwater Investments, Inc. receives some benefits from TD Ameritrade through our participation in the program.

Sweetwater Investments, Inc. participates in TD Ameritrade's Institutional customer program and we may recommend TD Ameritrade for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to

certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Sweetwater Investments, Inc. by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by Sweetwater Investments, Inc.'s related persons

TD Ameritrade may also pay or reimburse expenses (including travel, lodging, meals [and entertainment] expenses) for Sweetwater Investments, Inc.'s personnel to attend conferences or meetings relating to the program or to TD Ameritrade's adviser custody and brokerage services generally.

Some of the products and services made available by TD Ameritrade through the program may benefit Sweetwater Investments, Inc. but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Sweetwater Investments, Inc. and our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Sweetwater Investments, Inc. or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of TD Ameritrade for custody and brokerage services.

Sweetwater Investments, Inc. also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisers participating in the program. TD Ameritrade provides the Additional Services to our firm in its sole discretion and at its own expense, and Sweetwater Investments, Inc. does not pay any fees to TD Ameritrade for the Additional Services.

Sweetwater Investments, Inc. and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Sweetwater Investments, Inc.'s receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to our firm, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Sweetwater Investments, Inc., in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, we may have an incentive to recommend to our clients that the assets under management by us be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade.

Sweetwater Investments, Inc.'s receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

## **Item 13 Review of Accounts**

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

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. 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:

Dennis R. Gibb, President

D. Kim Miller CERTIFIED FINANCIAL PLANNER™, Director of Financial Planning

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide reports no less than quarterly summarizing account performance, balances and holdings.

### **INVESTMENT SUPERVISORY SERVICES MODEL PORTFOLIO MANAGEMENT SERVICE**

**REVIEWS:** While the underlying securities within Model Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. 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:

Dennis R. Gibb, President

D. Kim Miller, CERTIFIED FINANCIAL PLANNER™, Director of Financial Planning

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

### **PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed quarterly. 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:

Dennis R. Gibb, President

D. Kim Miller, CERTIFIED FINANCIAL PLANNER™, Director of Financial Planning

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, Sweetwater Investments, Inc. will provide quarterly reports summarizing account performance, balances and holdings.

### **MODEL PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Model Portfolio Management Services accounts are regularly monitored, these accounts are reviewed on a quarterly basis. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. 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:

Dennis R. Gibb, President

D. Kim Miller, CERTIFIED FINANCIAL PLANNER™, Director of Financial Planning

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Model Portfolio Management Services clients receive from their broker-dealer, Sweetwater Investments, Inc. will provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

### **SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS**

**REVIEWS:** Those client accounts who engage Sweetwater to select and monitor third party money managers it is generally our practice to have each manager appear in person or via electronic meeting at least annually. Clients desiring additional meetings should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

Sweetwater Investments, Inc. will provide reviews as contracted for at the inception of the engagement. These accounts are reviewed by:

Dennis R. Gibb, President

D. Kim Miller, CERTIFIED FINANCIAL PLANNER™, Director of Financial Planning

**REPORTS:** Clients will receive three independent reports. As determined at the time of the engagement the custodian will provide a report of the client's holdings, the third party money manager will produce reports of the account activity and Sweetwater will provide a consolidated report of all the managers' activities. Those clients requiring additional or different reporting by the third party money manager or custodian should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser or custodian.

Sweetwater Investments, Inc. will provide these client accounts with reports as contracted for at the inception of the advisory relationship.

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** In engaging in financial planning Sweetwater encourages the client to contract for an annual review of the plan to update the assumptions and to provide information on changes in the client's family or financial situation. 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 Financial Planning clients unless otherwise contracted for this service.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for this service.

### **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 this service. Such reviews will be conducted by the client's account representative.

**REPORTS:** These client accounts will receive a report when the firm has completed its assignment as contracted for at the inception of the advisory engagement. The firm does not provide ongoing reports on the assignment unless specifically contracted for by the client.

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

In the past Sweetwater Investments has engaged solicitors to provide introductions to potential clients. When Sweetwater engages a solicitor such information will be reflected in this brochure or its amendments.

In the past Sweetwater has participated in the referral service of Charles Schwab (one of our custodians) and under that arrangement the firm paid Schwab a fee to be a part of the referral program as well as a fee per account. No such arrangements exist at this time.

Sweetwater has entered into an arrangement with a division of [Respond.com](https://www.respond.com) called Wiser Advisor. Wiser is an on line service in which an investor can answer a questionnaire and Wiser matches their

needs to advisors in their area. Sweetwater pays a fee per referral for this service as well as an annual fee.

Sweetwater has entered into a subscription agreement with BrightScope, Inc to be listed as an advisor on BrightScope's Advisor Matching service. Sweetwater paid a one-time fee to be listed on the service which is good for one year of service. There is no additional cost to the client or Sweetwater beyond the annual subscription fee. The BrightScope service allows clients to access a website maintained by BrightScope and search for advisors offering services which the prospective client needs.

Sweetwater also has engaged Kathleen Boyle to direct potential clients to Income Flood for which it pays a quarterly and annual fee.

Sweetwater has also entered into an agreement with Mr. Chris Free of Rapport Benefits Group to provide introductions to potential clients. Mr. Free's firm provides companies with employee benefit packages and under our agreement Mr. Free's firm will introduce Sweetwater to companies who have or who might establish retirement plans. Mr. Free will be compensated from a portion of the fees paid to Sweetwater which will be disclosed and agreed to by the client before any contract is signed pursuant to rule 275.206(4)-3 of the Investment Advisers Act of 1940.

Sweetwater has also entered into an agreement with Mr. Eric Wikstrom, CPA, CFP® of Integrated Wealth Strategies, LLC to provide introductions to potential clients who Mr. Wikstrom feels would benefit from Sweetwater's services. It is solely Sweetwater's decision whether it will accept the client. Mr. Wikstrom will be compensated by a percentage of the fees paid by the client to Sweetwater and such payment will be revealed to and acknowledged by the client prior to the engagement of Sweetwater, pursuant to rule 275.206(4)-3 of the Investment Advisers Act of 1940.

At the present time other than those noted above Sweetwater Investments does not employ any agents to solicit persons to become clients of either Sweetwater or Income Flood LP or QP.

It is Sweetwater Investments, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients. The firm strictly prohibits the use of so called "soft dollar" arrangements in which commissions from client accounts are used to pay for services provided by vendors. The firm feels that such arrangements are not in the best interests of the clients and represent a conflict of interest.

## ***Item 15 Custody***

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

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

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

Our firm does not have actual or constructive custody of client accounts except in the case of the assets of Income Flood.

Income Flood is a pooled investment vehicle in which client assets are held by the custodian in a common pool for the benefit of the partnership. As such the GP has the ability to pay to clients the proceeds of their limited partnership interests. Because of this ability and the pooled nature of the fund we are deemed to be in constructive custody of the client assets invested in Income Flood LP and QP.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

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

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients also affirm this discretionary authority through their signatures on documents relating to the opening of brokerage accounts with the custodian. Clients may also change/amend such limitations by once again providing us with written instructions or by providing the custodian with such instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do 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: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other 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 may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.



## **Item 18 Financial Information**

Sweetwater Investments, Inc. has no additional financial circumstances to report.

Sweetwater does not require or solicit fees to be paid in advance with the exception of financial planning fees. In the case of financial planning Sweetwater requires the client to pay 50% of the fee at the beginning of the engagement and the remaining 50% when the client accepts the financial plan, for those clients who desire a financial plan but have less than \$250,000 in investable assets the entire financial planning fee is payable in advance.

Sweetwater Investments, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.