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## **The Coleridge Group**

**Investment Management and Financial Advisory**

### **Client and Prospective Client Brochure (ADV Part 2A) and Brochure Supplement(s) (ADV Part 2B)**

**31 December 2014**

#### **Disclaimer**

This brochure provides information about the qualifications and business practices of The Coleridge Group (TCG). If you have any questions about the contents of this brochure, please contact Dr. Gary Gibbons at 480.596.6874. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC). Being registered as an investment advisor does not imply a certain level of skill or training.

Additional information is available about The Coleridge Group is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Investing in securities is a risky process, even with professional help and guidance. Professional investors cannot guarantee superior results. Investors are cautioned to consider the level of risk inherent in a portfolio of cash, cash equivalents, equity, covered options and fixed income securities. Investors should not dedicate more to these strategies than is prudent based upon their own ability to bear loss. When reviewing the performance of an advisor or investment strategy the past is no guarantee of future performance.

#### **Organization of brochure and supplement(s)**

Both the brochure and supplement(s) are organized in accordance with the guidelines provided by the United States Securities and Exchange Commission (doc. 3235-0049).

## Item 2: Material Change

This is the third filing under the new rule; no material change has occurred since the last filing.

## Item 3: Table of Contents

Item	1	Firm Name, Contact Information, Date of Brochure and Disclaimer	Page	1
		<b>Client and Prospective Client Brochure (ADV Part 2A)</b>	Page	2
Item	2	Material Change	Page	2
Item	3	Table of Contents	Page	2
Item	4	Advisory business	Page	3
Item	5	Fees and Compensation	Page	3
Item	6	Performance-Based Fees and Side-By-Side Management	Page	4
Item	7	Types of Clients	Page	4
Item	8	Methods of Analysis, Investment Strategies and Risk of Loss	Page	4
Item	9	Disciplinary Information	Page	5
Item	10	Other Financial Industry Activities and Affiliations	Page	5
Item	11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page	5
Item	12	Brokerage Practices.	Page	5
Item	13	Review of Accounts	Page	6
Item	14	Client Referrals and Other Compensation	Page	6
Item	15	Custody	Page	6
Item	16	Investment Discretion	Page	6
Item	17	Voting Client Securities	Page	6
Item	18	Financial Information	Page	7
Item	19	Requirements for State-Registered Advisors	Page	7
		<b>Brochure Supplement (ADV Part 2B) Regarding Dr. Gary Gibbons</b>	Page	8
Item	1	Firm Name, Contact Information, Date of Supplement and Disclaimer	Page	8
Item	2	Background and Business Experience	Page	9
Item	3	Disciplinary Information	Page	9
Item	4	Other Business Activities	Page	9
Item	5	Additional Compensation	Page	9
Item	6	Supervision	Page	9
Item	7	Requirements for State-Registered Advisors	Page	9
		<b>Brochure Supplement (ADV Part 2B) Regarding Ms. Monica Angeles</b>	Page	10
Item	1	Firm Name, Contact Information, Date of Supplement and Disclaimer	Page	10
Item	2	Background and Business Experience	Page	11
Item	3	Disciplinary Information	Page	11
Item	4	Other Business Activities	Page	11
Item	5	Additional Compensation	Page	11
Item	6	Supervision	Page	11
Item	7	Requirements for State-Registered Advisors	Page	11

#### **Item 4: Advisory Business**

- A. TCG is a fee for service investment advisory firm. TCG has been operating since 1975. The firm is owned by Dr. Gary Gibbons.
- B. TCG offers balanced portfolio management. A balanced portfolio is one where all three major asset classes may be represented. The three major asset classes are: cash, equities and fixed income.
- C. TCG tailors its investment selections for each client based upon the client's risk tolerance and return expectations. TCG formulates the client's risk tolerance and return expectations (in part) by analyzing the client's five investor constraints:
  - a. Time horizon (as disclosed by the client)
  - b. Liquidity needs (as disclosed by the client)
  - c. Tax status (as disclosed by the client)
  - d. Legal requirements (as disclosed by the client)
  - e. Unique (as disclosed by the client)
- D. Clients may give specific instructions regarding securities they do not wish to be included in their account.
- E. As of 31 December 2014 TGC had approximately \$24 million under discretionary management.

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

- A. Fees may be charged in one of two ways: as a percent of assets or on a hourly/flat rate. When charging a percent of assets under management (AUM) the percentage will normally range between, .25% and 1.5%. Fees based upon AUM are negotiable. The percentage will be applied to the ending value of the account for the period for which charges are being levied. Hourly/flat fees are \$550.00 per hour for Dr. Gibbons and \$200.00 per hour for support staff. Lower hourly rates or a flat fee covering all hourly costs may be negotiated. The Coleridge Group charges all fees in arrears. Costs such as travel or in rare cases data may be applicable. Any travel or data costs will be disclosed before hand. These costs will be subject to the prior approval of the client.
- B. TCG does not deduct fees from client accounts. Clients are invoiced for the amounts due. The invoice period is negotiable.
- C. Depending upon the brokerage or custodial arrangement made by the customer there may be additional fees due to the client's broker either in the form of trading commissions or custodial fees or both. Clients using a trustee may incur similar costs plus a trustee fee.
- D. TCG does not collect any fees in advance.
- E. TCG does not participate in any brokerage, mutual fund, sales concessions or or other sales related revenues.
- F. Clients may use any broker dealer, custodian or trustee they desire

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

TCG does not participate in performance based fee programs or side-by-side management programs.

**Item 7: Types of Clients.**

TCG has a minimum account size of \$100,000. TCG will accept the following types of clients:

- A. Individuals
- B. Trusts
- C. Pension Funds and ERISA accounts
- D. Corporations and foundations (both for profit and non-profit)
- E. Financial institutions

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

- A. Methods of Analysis:
  - a. Fundamental analysis is utilized. Fundamental analysis involves an analysis of the macro and micro operating characteristics of the economy, industry and firm. Additionally, research available in the public domain is reviewed to form an overall opinion of these various levels of environment and their prospects for the short, intermediate and long term.
  - b. Technical analysis is utilized. Technical analysis is the analysis of current patterns of buying and selling to generate estimates of the prospects for the short, intermediate and long term.
- B. Generally the investment strategies utilized by TCG can be classified as follows:
  - a. The selection an optimal asset allocation between cash, equities and fixed income securities.
  - b. The maintenance of long equity and fixed income positions dedicated to the intermediate to long term.
  - c. The maintenance of hedge or partial hedge positions using exchange traded funds (ETFs), long covered call positions, or the maintenance of high cash or cash-equivalent positions.
- C. There are risks when trading any security. There are also risks when delegating the responsibility to trade to a third party. Clients need to consider the possibility of loss and they need to be prepared to bear the risk of the loss of all or part of the funds that they invest. Below is a partial list of these risks:
  - a. Macro events such as economic, political, regulatory, inflation and tax risks all can adversely affect investment performance.
  - b. Firm specific risks such as: management, firm prospects, financial leverage, operating leverage, competition, and litigation can all adversely impact results.
  - c. Events where the marketability and liquidity of the market in general or of a specific investment are negatively impacted can cause a negative impact on the client's portfolio.
  - d. TCG may make an incorrect investment selection or act on an ill-conceived strategy.
  - e. The management of firms where investments are made may mislead the market or TCG with respect to the firm's circumstances or prospects.

**Item 9: Disciplinary Information.**

There are no criminal or administrative disciplinary events that need to be disclosed.

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

There are no financial industry activities or affiliations that need to be disclosed.

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

- A. TCG and its staff have adopted the Code of Ethics of the CFA Institute. Among other things the code requires that the advisor engage in fair dealing with its clients, that conflicts be eliminated or at least disclosed and that the advisor be diligent in pursuing the client's interests. TCG is happy to provide a copy of the code to interested parties.
- B. TCG does not recommend securities in which any of the related persons at TCG has a material interest.
- C. TCG may at times make recommendations on securities that related persons own. Conflicts may arise if the impact of the client's trading activity can materially affect the price of the security(s). The standing rule at TCG is to allocate the worst price of any block trades to TCG related persons. We have communicated this rule to the traders with whom we trade.
- D. TCG may recommend a buy or sell in a security for related persons and clients at or near the same time. The standing rule at TCG is to allocate the worst price of any block trades to TCG related persons. We have communicated this rule to the traders with whom we trade.

**Item 12: Brokerage Practices.**

- A. TCG recommends brokers on the basis of one or more of the following factors:
  - a. They will immediately sell the security being bid,
  - b. They will immediately buy the security being offered,
  - c. They have low commissions or flat annual fees,
  - d. The client directs that a particular broker dealer be used.
- B. Often TCG will suggest a particular broker. The reason for that request is often because:
  - a. Trading activity is centralized and trades are aggregated thus trading is more efficient and simpler to execute.
  - b. Costs may be lower or fixed at an annual fee.
  - c. Settlement may be more flexible allowing for the use of a wider range of trading desks.
- C. Clients are permitted to direct their brokerage to any broker. When this is done:
  - a. Trading may not be as efficient.
  - b. Commissions may be higher.
  - c. Broker provided services may be less.
- D. Whenever client accounts are kept at a single brokerage or custodial location TCG tries to aggregate trades (i.e., place trades in blocks). Usually this technique allows for more efficient trading with respect to time and price.

**Item 13: Review of Accounts.**

- A. At TCG client accounts are reviewed weekly. In rapidly changing markets reviews may occur more often. If client accounts experience significant changes in value a review may be triggered. Reviews will normally be conducted by Dr. Gary Gibbons. If other qualified persons are available then Dr. Gibbons may direct such person to conduct the review and report to him on the outcome.
- B. Normally written reports are not provided to the client by TCG. If requested TCG will provide a written discussion outline on a particular subject (i.e., recent market action, equity outlook or fixed income outlook, etc.). Dr. Gibbons or other qualified employees, if they are authorized by Dr. Gibbons and available, are happy to discuss the outlook of TCG and the strategy being employed by TCG. The client's custodian will issue periodic (usually monthly) reports to the client. It is these reports, prepared by the custodian that the client should rely upon when reviewing account performance and value.

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

Currently no compensation is paid for referrals of clients.

**Item 15: Custody.**

TCG will not accept custody of client funds. Custody will be held by the client's custodian, securities broker or trustee. The client's custodian will issue periodic (usually monthly) reports to the client. It is these reports, prepared by the custodian that the client should rely upon when reviewing account performance and value.

**Item 16: Investment Discretion.**

- A. TCG will accept limited discretion over client accounts. By this it is meant that TCG will accept the power to select investments and execute security trades. TCG will not accept complete control over the account. By this it is meant that TCG will not accept the power to take possession of any account asset, withdraw cash, transfer any asset to any third party outside the account or close the account.
- B. Before TCG accepts investment discretion the following things must occur:
  - a. The client must review this brochure and sign an acknowledgement stating that he/she has done this.
  - b. The client must execute a client agreement with TCG.
  - c. TCG must accept the agreement.
  - d. The client must open a securities account with a custodian, securities broker or trustee.
  - e. TCG must execute a "Limited Power of Attorney" as provided by the client's selected custodian. This limited power of attorney must clearly limit the authority of TCG to the selection and trading powers described above.

**Item 17: Voting Client Securities.**

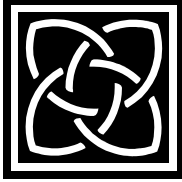
TCG does not normally vote client securities. If clients desire this service extra hourly fees will apply.

**Item 18: Financial Information.**

TCG does not accept custody of client funds and does not collect any fees in advance. As such no financial disclosure is provided.

**Item 19: Requirements for State-Registered Advisors.**

- A. The principal of TCG is Dr. Gary Gibbons. A brief background of Dr. Gibbons follows:
  - a. Birth date: 5/7/49
  - b. Education: Ph.D at Claremont Graduate School (Business), Master of Science in Business Administration at California State University, and Bachelor of Science in Business Administration at University of Arizona.
  - c. Business backgrounds for preceding five years:
    - i. Principal, Senior Analyst and Portfolio Manager with The Coleridge Group.
    - ii. The applicant has served or is serving in the following positions or on the following Boards of Directors:
      - 1. Visiting Professor – The Thunderbird School of Global Management.
      - 2. Member- Mayor's Taskforce on Budget, Town of Payson
      - 3. Member Advisory Board, Thunderbird Venture Fund
      - 4. Director of Tredia Performance Fund Limited
      - 5. Academic Director, Thunderbird Private Equity Center at Thunderbird (TPEC) – Thunderbird School of Global Management
- B. Dr. Gibbons is also the Academic Director of TPEC. Dr. Gibbons spends about 20% of his time running the center and teaching.
- C. There are no criminal or administrative issues to disclose regarding Dr. Gibbons.



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## **The Coleridge Group**

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### **Brochure Supplement (ADV Part 2B) Regarding Dr. Gary Gibbons**

**31 December 2014**

#### Disclaimer

This brochure supplement provides information about Dr. Gary Gibbons that supplements The Coleridge Group brochure. You should have received a copy of that brochure. Please contact Dr. Gary Gibbons at 480.596.6874 or at the location noted above if you did not receive TCG's brochure or if you have any questions regarding the contents of this supplement. The information in this supplement has not been approved or verified by the United States Securities and Exchange Commission (SEC). Being registered as an investment advisor does not imply a certain level of skill or training.

Additional information is available about Dr. Gary Gibbons is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**Item 2: Educational Background and Business Experience.**

The principal of TCG is Dr. Gary Gibbons. A brief background of Dr. Gibbons follows:

- A. Birth date: 5/7/49
- B. Education: Ph.D at Claremont Graduate School (Business), Master of Science in Business Administration at California State University, and Bachelor of Science in Business Administration at University of Arizona.
- C. Business backgrounds for preceding five years:
  - 1. Principal, Senior Analyst and Portfolio Manager with The Coleridge Group.
  - 2. The applicant has served or is serving in the following positions or on the following Boards of Directors:
    - a. Visiting Professor – The Thunderbird School of Global Management.
    - b. Member- Mayor’s Taskforce on Budget, Town of Payson
    - c. Member Advisory Board, Thunderbird Venture Fund
    - d. Director of Tredia Performance Fund Limited
    - e. Academic Director, Thunderbird Private Equity Center at Thunderbird (TPEC) – Thunderbird School of Global Management

**Item 3: Disciplinary Information.**

There are no criminal or administrative issues to disclose regarding Dr. Gibbons.

**Item 4: Other Business Activities.**

Dr. Gibbons is also the Academic Director of TPEC. Dr. Gibbons spends about 20% of his time running the center and teaching.

**Item 5: Additional Compensation.**

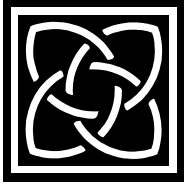
There is no additional compensation provided to Dr. Gibbons based upon the amount or types of security trading that he or TCG’s clients engage in.

**Item 6: Supervision.**

Dr. Gibbons is TCG’s principal and chief compliance officer he is not supervised by other firm personnel.

**Item 7: Requirements for State-Registered Advisors.**

There are no criminal or administrative issues to disclose regarding Dr. Gibbons.



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## **The Coleridge Group**

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### **Brochure Supplement (ADV Part 2B) Regarding Ms. Monica Angeles**

**31 November 2014**

#### **Disclaimer**

This brochure supplement provides information about Ms. Monica Angeles that supplements The Coleridge Group brochure. You should have received a copy of that brochure. Please contact Dr. Gary Gibbons at 480.596.6874 or at the location noted above if you did not receive TCG's brochure or if you have any questions regarding the contents of this supplement. The information in this supplement has not been approved or verified by the United States Securities and Exchange Commission (SEC). Being registered as an investment advisor does not imply a certain level of skill or training.

Additional information is available about Ms. Monica Angeles is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**Item 2: Educational Background and Business Experience.**

Ms. Monica Angeles is an associate of The Coleridge Group. A brief background of Ms. Angeles follows:

- A. Birth date: 7/7/75
- B. Education: MBA, Thunderbird School of Global Management 2008. BA, Tufts University 1999.
- C. Business backgrounds for preceding five years: Associate the Coleridge Group

**Item 3: Disciplinary Information.**

There are no criminal or administrative issues to disclose regarding Ms. Angeles.

**Item 4: Other Business Activities.**

None.

**Item 5: Additional Compensation.**

There is no additional compensation provided to Ms. Angeles based upon the amount or types of security trading that he or TCG's clients engage in.

**Item 6: Supervision.**

Ms. Angeles is an associate and is supervised by Dr. Gibbons.

**Item 7: Requirements for State-Registered Advisors.**

There are no criminal or administrative issues to disclose regarding Ms. Angeles.