

**Item 1:       Cover Sheet**

**PART 2A OF FORM ADV:  
INFORMATIONAL BROCHURE**

**SNOW FINANCIAL MANAGEMENT**

423 Jobs Lane  
Watermill, NY 11976

[www.snowassetmanagement.com](http://www.snowassetmanagement.com)

Michael Snow  
631-537-5033

**March 3, 2015**

**This brochure provides information about the qualifications and business practices of Snow Financial Management. If you have any questions about the contents of this brochure, please contact us at 631-537-5033 or via email at [snow@snowassetmanagement.com](mailto:snow@snowassetmanagement.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. Snow Financial Management is a registered investment adviser. Registration does not imply any certain level of skill or training.**

**Additional information about Snow Financial Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:           Statement of Material Changes**

Snow Financial Management, LLC is submitting this ADV Part 2 as part of its annual amendment. There are no material changes to this brochure.

**Item 3: Table of Contents**

**Table of Contents**

Item 1:	Cover Sheet .....	1
Item 2:	Statement of Material Changes.....	2
Item 3:	Table of Contents.....	3
Item 4:	Advisory Business .....	4
Item 5:	Fees and Compensation .....	5
Item 6:	Performance-Based Fees .....	6
Item 7:	Types of Clients .....	7
Item 8:	Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9:	Disciplinary Information.....	11
Item 10:	Other Financial Industry Activities and Affiliations .....	11
Item 11:	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	12
Item 12:	Brokerage Practices .....	13
Item 13:	Review of Accounts.....	14
Item 14:	Client Referrals and Other Compensation.....	14
Item 15:	Custody.....	15
Item 16:	Investment Discretion.....	15
Item 17:	Voting Client Securities.....	16
Item 18:	Financial Information .....	16

INFORMATIONAL BROCHURE  
SNOW FINANCIAL MANAGEMENT

**Item 4:       Advisory Business**

A.       Firm Information

Snow Financial Management (“SFM”) has been in business since 1997. The firm’s principal, Michael Snow has over 30 years of experience in the investment industry. Michael Snow is also the sole member of Snow Asset Management, LLC (“SAM”) which is the manager of Snow Fund One, LLC, a private placement.

B.   Advisory Services Offered

SFM provides personalized investment management services. The firm provides financial advice to individuals, high net worth individual, pension and profit sharing plans, trusts, estates, retirement accounts, charitable organizations and businesses.

Snow Asset Management, LLC acts as investment advisor to Snow Fund One, LLC (“SFO”), a private placement.

Asset Management

*Separate Accounts*

SFM requires each client to place at least \$1,000,000 with the firm. This minimum may be waived in the discretion of SFM.

Asset management services may be provided on a “discretionary” basis. When SFM is engaged to provide asset management services on a discretionary basis, SFM will monitor the accounts to ensure that they are meeting the client’s asset allocation requirements. If any changes are needed, SFM will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. Clients may at any time place restrictions on the way their account is managed. For example, a client may restrict the types of investments SFM may use in the client’s account, or the allocations to a security type. When clients engage SFM to provide asset management services, the client and SFM will execute an Investment Management Agreement that describes the services to be provided, the fees for the service, other expenses related to the provision of the investment management services, and how to terminate the agreement. that outlines the responsibilities of both the client and SFM. Clients engaging SFM on a discretionary basis will be asked to execute an agreement granting SFM authority over the client accounts consistent with what is necessary to perform SFM’s duties under the Investment Management Agreement.

For existing relationships and in limited circumstances, SFM may provide services on a non-discretionary basis.

*Snow Fund One, LLC*

SAM acts as the investment adviser to SFO. Investors in SFO are required to invest a minimum of \$250,000, which minimum may be waived in the discretion of the Firm. For a more complete description of Snow Fund One, LLC, investors and prospective investors should consult the Fund's offering documents.

As of the January 21, 2015, SFM has 182 accounts and \$154,213,089 in assets under management. Of these totals, SFM only manages discretionary and therefore does not have any non-discretionary accounts.

**Item 5: Fees and Compensation**

**A. Fees Charged**

Management Fee

Generally, fees vary from 0.35% to 2.00% per annum of the market value of a client's assets managed by SFM. The fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors.

*Investors in SFO should carefully review the fee section of the Fund's offering documents for further information about management fees charged to Snow Fund One.*

Performance Based Fee: Some clients may also pay a performance based fee of 20%. This means that SFM would earn a fee based on the capital gains in a client's portfolio. For example, A client with an account of \$1,000,000 that had a gain of \$200,000 would pay a performance based fee of 20% of the \$200,000 gain, or \$40,000.00. Clients who engage SFM to perform asset management services and include a performance fee will be "qualified clients" as such term is defined by the Investment Advisers Act of 1940. *Please see also Item 6 of this Part 2A Informational Brochure with regard to Performance Based Fees and Conflicts of Interest. Investors in SFO should carefully review the fee section of the Fund's offering documents for further information about fees charged to Snow Fund One.*

**B. Fee Payment**

Investment management fees may be debited directly from each client's account, or in limited circumstances, paid by check or wire transfer. The advisory fee is paid quarterly, in arrears. The value used for the fee calculation is calculated by averaging the net value as of the last market day of each month in the previous quarter, taking into account for withdrawals and contributions. For those accounts whose fees are directly debited, once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to SFM. For all other accounts, SFM will issue an invoice to the client and fees are payable upon receipt.

Clients whose fees are directly debited will provide written authorization to debit advisory fees

from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill showing the amount of fees to be debited. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. You will be responsible for fees including transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. SFM can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Please make sure to read Item 12 of this informational brochure, regarding broker-dealer and custodial issues.

D. *Pro-rata* Fees

If a client engages SFM to provide asset management services during a quarter, the client will pay a management fee for the number of days left in that quarter. If you terminate our relationship during a quarter, you will only pay management fees for the number of days between the end of the prior billing period and the date of termination.

E. Compensation for the Sale of Securities.

This item is not applicable, as neither SFM, nor any employee thereof receives any compensation for the sale of securities other than the investment advisory fees described elsewhere in this Item 5.

**Item 6: Performance-Based Fees**

As discussed in Item 5A above, SFM may charge performance based fees for some clients. Receiving a performance based fee presents a conflict of interest for SFM in that SFM may have an incentive to favor those accounts which are charged a performance based fee over accounts that are based solely on a management fee. A performance fee may also give rise to a conflict of interest in that SFM may be more inclined to place client portfolios that earn incentive fees in riskier investments with the hope of increasing the gains. SFM addresses these conflicts in a number of ways: First, by recognizing, both in the firm's Compliance Manual and in daily business, the Firm's fiduciary duty to its clients, which means it must put the interests of clients above the Firm's. Second, by creating investment guidelines for each client based on that client's needs and objectives, which are approved by the client, and then managing the portfolios in compliance with these guidelines. Third, by structuring trading reviews in a fair and equitable manner, so clients with performance fee engagements are not favored.

## **Item 7:       Types of Clients**

Clients advised may include individuals, trusts, foundations, endowments and corporations. SFM requires clients to have an account minimum of \$1,000,000. Snow Fund One requires an investor to invest at least \$250,000 in the Fund. These minimums may be waived in the discretion of SFM.

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

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

At the onset of the client relationship, SFM will interview the client, establish risk tolerance, investment horizon, income/distribution needs and any other constraints that may play a role in the client's investment parameters. If needed, SFM will prepare a transition plan from the client's current accounts to the accounts managed by SFM. Each client comes to SFM with a distinct history and securities holdings unique to them. Market conditions may make a mass transition to SFM's asset allocation guidelines not advisable, which means certain securities may need to be purchased or sold over time in an attempt to limit any transition-related losses.

### Asset Management

Each client account is separately managed, and invested according to that client's investment objectives. Once each account's objectives are ascertained, SFM will develop a portfolio allocation in keeping with the client's investment objectives. Specific options, equity and fixed income securities are chosen based on a variety of factors, including dividends, income, interest rates, company management, price to earnings ratios, and other factors. When mutual funds are used, specific mutual funds are chosen based on where its investment objective fits into the asset allocation recommended by SFM, its risk parameters, past performance, peer rankings, fees, expenses, and any other aspects of the fund SFM deems relevant to that particular fund. SFM bases its conclusions on publicly available research, such as regulatory filings, press releases, purchased research, and proprietary screens and analytics.

As assets are transitioned from a client's prior advisers to SFM, there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by SFM. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. In the event an investment in a client account is unable to be unwound for a period of time, SFM will monitor the investment as part of its services to the client. SFM may suggest that a given investment be moved to a separate account.

### Options

SFM may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock or ETF) 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 holder the right to buy an asset at a certain price within a specific period of time. We may buy a call if we believe that the price of the underlying security may increase before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. We may buy a put if we believe that the price of the underlying security may fall before the option expires.

SFM may also sell puts and calls as well, or employ other more sophisticated options strategies. We will use options to “hedge” a purchase of the underlying security or related positions; in other words, we will use an option purchase to limit the potential upside and/or downside of a security or related positions we have purchased for your portfolio.

SFM may use “covered calls”, in which we sell an option on a security owned within a portfolio. In this strategy, you receive a premium for making the option available, and the person purchasing the option has the right to buy the security from you at a predetermined price.

SFM may also utilize two or more options at the same time, to take advantage of the difference between them, called a “spread”. For example, a put option that you buy and a put option that you sell for the same underlying security. This can provide partial downside protection by giving the adviser the ability to limit some of the variables of price, time and other factors. We typically use this kind of strategy to provide downside protection for a portfolio, but may also utilize the concept of option spreads to generate returns if the client’s portfolio and market conditions warrant such a strategy.

SFM may also use “naked calls.” A naked call position is when the investor expects the stock or index price to be trading below the option strike price at expiration. It is important to note that the maximum possible gain is the amount collected when the option is sold. Maximum gain is achieved when the option is held through expiration and the option expires worthless. Risk is unlimited when writing naked calls. However, the call writer does have some risk-control strategies available. The easiest is to simply cover the position by either buying the offsetting option or, alternatively, the underlying stock. If the underlying stock is purchased, the position is no longer naked, and it does incur additional risk parameters.

SFM may also use “naked puts”. A naked put is used when the investor expects the stock or index to be trading above the strike price at expiration. As in the naked call position, the potential for profit is limited to the amount of premium received. The investor can make the most if the stock or index is trading above the strike at expiration and expires worthless. If this occurs, the investor will keep the entire premium. The risk in the naked put is slightly different than that of the naked call in that the trader could lose the most if the stock went to zero.

### Risks of Investing

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.**



It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Risks Associated With Taxation:** SFM is not an accounting or legal firm, and cannot give tax advice. Each individual client's tax situation may be unique to that client. Accordingly, clients should regularly consult with their legal and tax professionals regarding the tax impact of investing as well as the tax complications of the asset management decisions made by SFM.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that SFM may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. SFM endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Restriction Risk:** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Short Sales.** "Short sales" are a way to implement a trade in a security SFM feels is overvalued. In a "long" trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor's loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long

trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. SFM utilizes short sales only when the client's risk tolerances permit.

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

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

- **Options:** The use of options transactions as an investment strategy involves a high level of inherent risk. Although the intent of many of the options-related transactions implemented by SFM is to hedge against principal risk, certain of the options-related strategies (i.e., straddles, short positions, etc), may in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct SFM, in writing, not to employ any or all such strategies for his/her/their/its accounts.

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

- **MLPs:** SFM may recommend that portions of client portfolios be allocated to master limited partnerships, otherwise known as "MLPs". An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client's portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds.

One such risk is management risk-the success of the MLP is dependent upon the manager's experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources or commodities investments. Clients should ask SFM any questions regarding the role of MLPs in their portfolio.

**Item 9:           Disciplinary Information**

Neither SFM nor any of its employees has any disciplinary information to report.

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

**A. Broker-dealer**

Neither SFM nor any of its employees is registered or has a registration pending as a broker-dealer.

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

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

**C. Relationship with Related Persons**

Michael Snow is the sole member of Snow Asset Management, LLC, the manager of Snow Fund One, LLC, a private placement. Clients of SFM who meet certain eligibility requirements may be invited to invest with SFO. The management of SFO as well as other client accounts may present a conflict of interest in that SFM may have an incentive to give preferential treatment to SFO and its investors because of Michael Snow's ownership of SFO's manager, Snow Asset Management, LLC. SFM attempts to mitigate this conflict by reviewing all accounts fairly and equitably, and by requiring all employees, including Michael Snow, to affirm and agree to comply with SFM's compliance manual, which is designed to require employees of SFM to recognize the fiduciary duty to all clients.

Michael Snow is a director of GFI Group Inc., which through its subsidiaries, provides wholesale brokerage, clearing, and electronic execution and trading support products and services for financial markets in the United States, the United Kingdom, and internationally. GFI Group Inc., a division of BGC Partners, Inc. a firm that operates as a brokerage company, primarily servicing the wholesale financial and commercial real estate markets, provides brokerage services in fixed income derivatives, bond instruments, and other related products; and non-derivative credit instruments, such as investment grade and high yield corporate bonds, Eurobonds, European government bonds, bank capital preferred shares, asset-backed bonds, and floating rate notes. In addition, Mr. Snow is a member of the Board of Directors and the Regulatory Oversight

Committee and Disciplinary Committee of BGC Derivative Markets, L.P., a subsidiary of BGC Partners, which offers trading in swap products subject to mandatory clearing, as well as swaps classified as permitted transactions. Lastly, Mr. Snow is also a member of the Board of Directors of Remate Lince, S.A.P.I. de C.V., one of Mexico's top inter-dealer brokers and has offices in Mexico and New York. Remate Lince was acquired by BGC Partners, Inc. in May 2014. Service on the Board of Directors of a publicly traded company may present a conflict of interest, as Mr. Snow may obtain material non-public information. SFM attempts to mitigate this conflict by requiring that all companies that Mr. Snow or any employee is affiliated with through a Board position be placed on a restricted list, and may not be traded. SFM also discloses this conflict to clients verbally and through these brochures, requires employees to acknowledge in the firm's Code of Ethics, and their individual fiduciary duty to the clients of SFM, which requires that employees put the interests of clients ahead of their own.

**D. Recommendations of other Advisers**

SFM does not utilize nor select other advisers or third party managers. All assets are managed by SFM management.

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

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

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

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

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

## **Item 12: Brokerage Practices**

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

SFM recommends that investment accounts be held in custody by either Fidelity Institutional (“Fidelity”) or thinkorswim, Division of TD Ameritrade, Inc.. Both Fidelity and thinkorswim offer enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. Fidelity and thinkorswim are both wholly independent from SFM. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

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

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

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

SFM does not recommend, request or require that clients direct SFM to execute trades through a particular broker-dealer (directed brokerage arrangements). In such client directed arrangements,

the client will negotiate terms and arrangements for their account with that broker-dealer. This means that the client, and not SFM, will be in the best position to seek and secure the best value for the costs of execution. This means that the client may not pay the most cost effective commission rates. SFM will not be able to aggregate orders under these circumstances, which may result in higher commission costs or transaction fees because the trading costs are not allocated among a group. Clients also may not benefit from commission rates SFM may be able to negotiate. Further, there may be some transactions in certain securities that must be placed first through SFM's recommended broker-dealer. In some circumstances, placing those trades first may mean that a client who directs brokerage may not only pay a higher commission cost, they may also pay a higher price for a given security. In general, clients may not receive value for the commission dollar spent, may spend more than is necessary for execution services, and may have reduced gains in their accounts as a result of directing brokerage.

**B. Aggregating Trades**

Generally, SFM's investment approach and client base negates any benefit of trade aggregation. However, in some rare instances, commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, 1/4 of a share, or a position in the account of less than 1%.)

**Item 13: Review of Accounts**

All accounts will be reviewed by a senior professional on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts. Individual account reviews are conducted on an as needed basis, based on market conditions and the holdings in each account.

All clients will receive statements and confirmations of trades directly from Fidelity or thinkorswim, as applicable. Clients also receive written quarterly reports from SFM which outline the client's asset allocation and recent performance.

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

**A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Please see the response to Item 12 of this Part 2A with reference to certain benefits provided by Fidelity.

**B. Compensation for Client Referrals to persons not supervised**

SFM utilizes solicitors that refer clients to SFM, or to SFO. These relationships exist

pursuant to agreements whereby the referring solicitor and SFM execute an agreement describing the activities and the compensation to be received, including an undertaking by the solicitor to perform its duties under the agreement in a manner consistent with the instructions of the adviser and the provisions of the Investment Advisers Act of 1940, and requires that the solicitor, at the time of any solicitation activities for which compensation will be paid by SFM, provide the client with a current copy of this Form ADV Part 2A and 2B and the solicitor's written disclosure statement.

## **Item 15: Custody**

### Separate Accounts

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

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

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

### Snow Fund One

SFM has custody of the assets of SFO. SFO is audited, at least annually, by a PCAOB registered accounting firm.

## **Item 16: Investment Discretion**

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

For existing relationships and in limited circumstances, SFM may provide services on a non-

discretionary basis.

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

#### **Item 17:      Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. SFM will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. SFM will not give clients advice on how to vote proxies.

SFM does accept proxy voting authority for SFO.

#### **Item 18:      Financial Information**

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

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