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This Brochure provides information about the qualifications and business practices of SignalPoint Asset Management, LLC (hereinafter "SignalPoint"). If you have any questions about the contents of this Brochure, please contact us at (417) 869-9980. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

SignalPoint is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

## **Material Changes**

### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

### **Material Changes since the Last Update**

This Brochure contains certain material changes since its last annual update dated July 16, 2014, as summarized below:

The section "Disciplinary Information" has been updated to reflect that Messrs. Handy, Timson and Walker entered into an Acceptance, Waiver and Consent (AWC) on March 2, 2015, with the Financial Industry Regulatory Authority (FINRA) for allegedly failing to disclose their control and participation in SignalPoint while members of their previous firm.

The firm has also removed any references to investment management in a non-WRAP account. The firm only offers investment management within a WRAP account.

This Brochure also contains certain non-material changes, which are not summarized above.

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (417) 869-9980 or by email at: [WCostenbader@Signalpointinvest.com](mailto:WCostenbader@Signalpointinvest.com).

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## Advisory Business

SignalPoint Asset Management, LLC ("SignalPoint") was formed in August 2008. SignalPoint is registered with the Securities and Exchange Commission (SEC File Number 801-69394). The mission of SignalPoint is to provide investment management services to individual and institutional clients, which generally include investing clients' assets into one of the SignalPoint strategies and overseeing accounts containing individual securities. SignalPoint also serves as a sponsor and portfolio manager for a wrap fee program. For more information on wrap fee program services, please see Appendix 1 (the "wrap fee brochure").

At the outset of each direct client relationship, SignalPoint spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, SignalPoint helps to define with each direct client: 1) the client's risk tolerance, return needs and financial long-term goals (the client "profile"); and 2) the client's investment objectives and guidelines (the "investment plan"). These are a reflection of the client's attitude toward risk and return, and the future goals of the client, and outlines the types of investments that SignalPoint will make on behalf of the client in order to meet those goals. The client's investment objectives and attitude towards risk are discussed periodically with each direct client, but are not necessarily written documents.

Each client has the ability to impose reasonable restrictions on the management of his/her account, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. If a client's instructions are unreasonable or a SignalPoint Investment Advisor Representative believes that the instructions are inappropriate for the client, SignalPoint will notify the client that, unless the instructions are modified, it may cancel the instructions in the client's account. A client will not be able to provide instructions that prohibit or restrict the investment adviser of a mutual fund, closed-end fund or exchange traded fund ("ETF") with respect to the purchase or sale of specific securities or types of securities within the fund.

A number of clients are referred to SignalPoint by an outside persons, such as registered representatives of broker-dealers, other investment advisor or a Solicitor, with whom the client has an established relationship. For more information on these dual advisory relationships, please see the section entitled "*Client Referrals and Other Compensation*".

Often times, the registered representatives of broker-dealers, other investment advisor, or a Solicitor may use a questionnaire separate from SignalPoint's client Profile and has determined suitability based on the information contained therein. In such instances, SignalPoint relies upon this other questionnaire to determine the goals and objectives of the portfolio in question. In any case, it is the responsibility of the registered representatives of broker-dealers, other investment advisor and/or the client to promptly notify SignalPoint of any changes in financial condition of the client that would necessitate a change in the client's investment objective. Under these arrangements, while accounts may be monitored on a regular basis for performance and adherence to a client's stated objectives, the client's stated objectives for the account(s) under management may be formed without consideration of the client's other assets, investments, insurance and other obligations.

SignalPoint will recommend and use one of its ETF strategies to carry out the client's objectives and guidelines as well as formulate accounts containing individual securities. These ETF strategies, and at times the accounts holding securities outside of SignalPoint's ETF strategies, are used pursuant to a wrap fee arrangement with the client. This means that the cost of SignalPoint's investment advisory services, the cost of executing brokerage transactions and custodial fees are "wrapped" into a single annual fee based on the value of the client's portfolio. In order to participate, clients must establish a brokerage account with a qualified custodian. Although SignalPoint requires

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that clients establish an account at a qualified custodian to participate, it is the client's decision to custody assets with such a custodian. For further information, please see SignalPoint's wrap fee brochure Mutual funds, closed-end funds and ETFs also charge internal management fees and expenses, which are disclosed in the fund's prospectus. Such fees and expenses are exclusive of and in addition to SignalPoint's wrap fee.

The investment plan will determine which strategy or combination of strategies best suits the client's needs. The client's investment plan will be updated from time to time when requested by the client or when determined to be necessary or advisable by SignalPoint based on updates to the client's financial or other circumstances. To implement the client's investment objectives, SignalPoint will manage the client's investment portfolio on a discretionary basis. As a discretionary investment adviser, SignalPoint will have the authority to supervise and direct the portfolio without prior consultation with the client.

SignalPoint has been retained as a portfolio strategist ("Strategist") by financial institutions ("Sponsors") that offer an open-architecture investment platform ("Program") to registered financial advisors and broker-dealers ("Financial Advisors"). As a selected Strategist, SignalPoint provides its SignalPoint Model Portfolios to the Program, which is designed to satisfy stated investment objectives. The SignalPoint Model Portfolios are constructed using SignalPoint's ETF Investment Strategies, which are described in the Section "*Methods of Analysis, Investment Strategies and Risk of Loss.*" Under such a Strategist arrangement, the Financial Advisor or Sponsor may recommend that SignalPoint Model Portfolios be used for client accounts. When a SignalPoint Model Portfolio is utilized, the Sponsor will pay SignalPoint's Model Portfolio management fee on behalf of the client, monitor and evaluate SignalPoint's Model Portfolio performance, execute the client's portfolio transactions and provide custodial and other services for the client's assets, most typically for a single fee paid by the client to the Financial Advisor or Sponsor.

The agreement between SignalPoint and Sponsors provides for SignalPoint to offer SignalPoint Model Portfolios that satisfy stated investment objectives and limitations. Changes to the SignalPoint Model Portfolios, including but not limited to, changes in the assets selected, and changes to the portfolio weights of the selected assets, are typically communicated to the Sponsor at least quarterly. The Sponsor or Financial Advisor makes the changes in the client portfolio based upon the changes in the SignalPoint Model Portfolio.

SignalPoint may also provide investing consulting services for an hourly fee.

**Principal Owners**

SignalPoint is principally owned by Randy G. Faith, Glenn C. Schoen and Rick Bohlman, who are passive owners not involved in the advisory business of SignalPoint. Certain Signal Point employees and officers also hold a minority interest in SignalPoint. SignalPoint's advisory business is controlled by its managing directors, Jay Handy, Jonathan C. Timson, D. Robin Walker, Thomas Veale, and Mike Orzel.

**Type and Value of Assets Currently Managed**

As of June 30, 2014, SignalPoint manages or advises approximately \$434 million of client assets on a discretionary basis, and approximately \$53 million of client assets on a non-discretionary basis.

## Fees and Compensation

**Hourly Fees:** SignalPoint's hourly fee for investment consulting services generally ranges from \$100 to \$500 per hour, depending upon the nature and scope of the advice requested by the client, the amount and nature of the research required to complete the project, and the nature and number of reports required by the client. The

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hourly fee may be calculated based upon each professional staff member's time spent on a project. These hourly fees may be negotiated or waived.

**SignalPoint Model Portfolio Fees:** For providing the SignalPoint Model Portfolios to Sponsors, SignalPoint receives a fee ranging from 0.15% to 0.50% of the Program assets under management.

**Fees – Generally:** The specific manner in which fees are charged by SignalPoint is established in a client's written agreement with SignalPoint. Fees may be waived in certain circumstances and are negotiable based on the SignalPoint representative providing the services, the complexity of the client's situation, the composition of the client's account, the relationship of the client with the SignalPoint representative, and the total amount of assets under management for the client. Fees may be higher or lower than those charged by other advisors and you may be able to obtain similar services elsewhere for a lower fee. Fees typically are billed quarterly, in advance, and calculated based on the market value of each client account as of the last day of the prior quarter. If cash and/or securities are added or withdrawn from the Account between billing periods, a proportionate fee or refund will be calculated and will be made based upon the effective advisory fee rate at the time of the addition or withdrawal. Fees or refunds will be debited or credited if the net addition of value or net withdrawal of value would generate a fee or refund of at least \$40 for the quarter. No adjustments, however, will be made to the fee for appreciation or depreciation in the value of securities or other investments held in the Account during any quarterly period for which this Agreement is in effect. Except as described in SignalPoint's wrap fee brochure, SignalPoint's advisory fees do not include brokerage commissions or securities transaction fees that may be charged by client's custodian, which custodian must be a "qualified custodian" (as required by applicable regulatory requirements) and/or broker-dealer. Investment companies (mutual funds, ETFs, etc.) in which a client's assets may be invested charge additional management fees and other expenses as described in the respective fund's prospectus. Any such charges, fees and commissions are exclusive of, and in addition to SignalPoint's advisory fee.

Clients typically grant SignalPoint authority to deduct its advisory fees directly from the client's account. Client's custodian and/or broker-dealer will provide, at minimum, quarterly account statements directly to client that reflect all transactions in client's account(s), including the amount of any advisory fee deducted. Client is responsible for verifying the accuracy of the advisory fee calculation, as client's custodian will not determine whether or not the fee was properly calculated. SignalPoint will not accept physical custody of clients' securities or cash. Clients will retain ownership of all securities and cash in their accounts.

Generally, a client may terminate its investment advisory agreement with SignalPoint upon 30 days written notice to SignalPoint. Clients will receive a pro-rata refund of any advisory fees paid, but not yet earned, as of the date of termination.

Upon written receipt of notice to liquidate and terminate the client agreement, SignalPoint and its agent will, in an orderly and efficient manner, proceed with liquidation of the client's account. There will not be a charge by us for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in each fund's prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate securities may result in tax consequences that should be discussed with the client's tax advisor. Factors that may affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary markets be unavailable and trading suspended, efforts to trade will be made as soon as possible following the markets' reopening. Due to the administrative processing time needed to terminate a client's investment advisory service and to liquidate the client's account, it may take several business days under normal market conditions to process the client's request. During this time, the client's account is subject to market risk. SignalPoint and its agents are not responsible for market fluctuations of the client's account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

## Performance-Based Fees and Side-By-Side Management

SignalPoint does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## Types of Clients

SignalPoint provides portfolio management services to individuals, high net worth individuals, banking or thrift institutions, corporate pension and profit-sharing plans, and charitable institutions. SignalPoint has established a minimum initial account value for new accounts of \$500,000. SignalPoint may, in its sole discretion, accept such lesser amounts as it deems appropriate. SignalPoint also provides the SignalPoint Model Portfolios to various Sponsors.

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

SignalPoint uses a variety of investment strategies in managing client accounts. Although SignalPoint seeks to reduce risk in its portfolios, investing in securities involves risk of loss of principal and clients should be prepared to bear such loss.

### A. Methods of Analysis and Investment Strategies

#### 1) ETF Investment Strategies

SignalPoint's ETF Investment Strategies seek to produce above-market performance while reducing normal market risk, providing clients with an "emotion free" investment model. SignalPoint's ETF Strategies seek to achieve this goal by investing primarily in ETFs, rather than individual stocks. SignalPoint also may hold cash, money market instruments or high-quality, short-term debt instruments for liquidity purposes. SignalPoint applies its strategy to various portfolios in order to meet a variety of investment objectives.

SignalPoint believes its ETF strategy provides a widely diversified, emotionless portfolio and a procedure for assessing and managing risk in each style. SignalPoint's strategy is founded on the principles of discipline, structure, and transparency. SignalPoint's goal is to steadily and methodically capture profits when positions appreciate and to systematically add to positions during periods of weakness. SignalPoint generally does not emphasize investment in any particular investment sector or industry. However, due to their inherent characteristics, from time to time certain investments in particular sectors (i.e. technology or health care) may represent a significant portion of its clients' portfolios.

SignalPoint's ETF Investment Strategies are designed to harvest the volatility intrinsic to each ETF sector index, position and the market at large. SignalPoint attempts to limit exposure in rising sectors and to increase exposure in declining sectors without disturbing other portfolio positions. SignalPoint will typically add or subtract dollars from each position in increments of 5 percent in any given month, which results in dollar cost averaging in the affected position. SignalPoint maintains cash reserves for liquidity, portfolio cushioning and as a resource to invest back into the market.

SignalPoint's ETF Investment Strategies primarily use a proprietary model or formula to determine the percentage of each portfolio holding. All portfolio holdings are coordinated with SignalPoint's proprietary model, allowing SignalPoint to manage diversified equity portfolios. SignalPoint's proprietary model maintains a Risk Value around a Control Level and allocates the account between equity and cash.

**Risk Value** – the total value of the equity at current market price.

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**Control Level** – initially the starting cost of the equity holding plus a portion of subsequent additional purchases.

**Trade Resistance** – used to establish a hold zone beyond which adjustments are made to Risk Value. Trade Resistance is approximately +/- 10% of the Risk Value, but may be larger or narrower in certain sectors.

Should the Risk Value exceed the Control Level by more than the Trade Resistance, the amount at risk typically is reduced back to approximately the Control Level. SignalPoint generally invests cash generated by this adjustment in a highly liquid cash equivalent account (e.g., a money market account) within the portfolio. If the Risk Value should drop below the Control Level by more than the Trade Resistance, the model signals SignalPoint to add (buy) more investment value to restore it to approximately the Control Level. SignalPoint takes cash required for this additional purchase from the cash equivalent account. This presents a potential risk, as the price of a security can move up or down along with (or inversely to) the overall market.

The range between when the model prompts SignalPoint to utilize cash (i.e., buy) and when it prompts SignalPoint to reduce the invested value (i.e., sell) to the cash equivalent account is approximately +20%. A new Control Level is derived from the original Control Level plus a factor related to the amount of buying done during a decline. This is designed to achieve controlled risk with controlled growth within the portfolio.

In addition to the model, SignalPoint uses four individual measures of the equities market combined to provide a picture of the overall market risk (market risk assessment). SignalPoint uses its assessment of market risk to gauge ongoing cash reserve requirements and as a filter on any buy or sell decisions. If the accumulated money market reserve level for an individual measure is higher than the current recommended level, SignalPoint postpones further selling, until such time as either its measure of risk shows a sale is appropriate or a purchasing cycle has reduced the available reserve of money funds.

SignalPoint also uses its market risk assessment to guide re-balancing of the client account's Equity/Cash ratio after high market risk events. If the market risk moderates, SignalPoint will then shift the Equity/Cash ratio back to a level consistent with the new, lower risk level.

## **2) Equity Investment Strategy**

In constructing an equity portfolio, SignalPoint seeks to identify the most attractive investment opportunities based on valuation and quality while considering a client's goals, objectives, and overall portfolio. SignalPoint will typically consider equity securities that span all market capitalizations (small, medium, and large), various investment styles (such as growth and value), and will incorporate both domestic and international securities (including securities of issuers located in, or primarily doing business in, developed and emerging markets). When SignalPoint identifies a particular company that looks attractive, it typically develops a more detailed understanding of the company through a review of corporate financials and analytical research, and may consider the company's growth potential, competitive position in its industry, cash flow, dividends and projected future earnings. SignalPoint will also typically consider the company's sector and SignalPoint's own analysis of the growth potential of that sector. SignalPoint may also invest a client's assets in mutual funds or other investment companies, in new issues, or in preferred stock. SignalPoint may sell an equity security from a client's portfolio when it reaches what SignalPoint believes is its true value, when SignalPoint identifies another more attractive security, or upon a change in the client's investment objectives, goals or risk tolerance.

SignalPoint may write covered call options on optionable securities held in a client's portfolio in an effort to reduce volatility. When a portfolio writes (or sells) a covered call option, the purchaser of the option has the right to buy that stock at a predetermined price (exercise price) during the life of the option. If the purchaser exercises the option, the client portfolio must sell the stock to the purchaser at the exercise price. The option is "covered" because the client owns the stock at the time it sells the option. As the seller of the option, the client receives a



premium from the purchaser of the call option, which may provide additional income to the client. The selling of covered call options may tend to reduce volatility of the client's portfolio because the premiums received from selling the options will reduce any losses on the underlying securities, but only by the amount of the premiums. However, selling the options will also limit the potential for gain on the underlying securities.

**3) Fixed Income Investment Strategy**

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SignalPoint's fixed-income strategy is based on its economic and interest rate outlook. In selecting fixed-income securities for a client's portfolio, SignalPoint seeks securities that it believes are consistent with the client's goals, objectives and overall portfolio, and may consider, among other factors, interest rate, credit and prepayment risk, as well as general market conditions. SignalPoint will generally allocate the fixed-income portion of a client's portfolio among municipal bonds, taxable bonds, government bonds, and/or corporate bonds of issuers in various industry sectors and, where appropriate, various states. When consistent with a client's Profile, Investment Plan and risk tolerance, SignalPoint may invest a client's assets in bonds rated below-investment grade (also known as "junk bonds"). Depending on a client's Profile and Investment Plan, and the client's tax situation as communicated to SignalPoint, SignalPoint may focus a client's fixed-income investments in bonds that pay interest that is exempt from federal income tax (but that may be subject to federal alternative minimum tax) and, in some cases, state income tax.

**B. Risk of Loss**

Investing in securities involves risk that all clients should be prepared to bear. Risk refers to the possibility that a client may lose money (both principal and earnings) or fail to make a positive return on an investment. SignalPoint cannot guarantee that it will achieve a client's investment objectives. Each client must be prepared to tolerate price volatility and possibly incur capital losses in the pursuit of the client's investment objective. Certain specific risks related to securities recommended by SignalPoint are set forth below.

**Management Risk.** SignalPoint's judgment about the attractiveness, growth prospects and value of a particular asset, class of assets or individual security may prove to be incorrect. There is no guarantee that the securities or investment strategies recommended or used by SignalPoint to manage client accounts will perform as anticipated.

**Investment Company Securities Risk.** Mutual funds, closed-end funds and ETFs ("investment companies") are sold by prospectus. Please consider the investment objectives, risks, charges and expenses set forth in an investment company's prospectus carefully before investing. The prospectus, which contains this and other information, can be obtained by calling SignalPoint. Read it carefully before you invest. Client accounts invested in investment companies will indirectly bear the fees and expenses payable directly by the investment company. Therefore, the client will incur higher expenses, many of which may be duplicative. Investments in investment companies are subject to risks similar to those of stocks. Investment returns may fluctuate and are subject to market volatility. In addition, the value of a client's investment in an investment company will be dependent on the skill of the investment company's adviser, and will be subject to risks arising from the investment practices of the investment company. Closed-end funds and ETFs are subject to additional risks, including the risk that the market price of the shares of the closed-end fund or ETF may be above or below its net asset value.

**Equity Investments.**

- Common Stocks. The value of a company's common stock generally increases or decreases in value based on factors directly relating to that company, such as demand for the company's products or

decisions by management. The value of a company's common stock is also affected by other factors not directly affecting the company, such as general industry or market conditions.

- *Growth Stock Risk.* The stocks of companies that SignalPoint believes are fast-growing may trade at a higher multiple of earnings-per-share than other stocks. If SignalPoint's perception of a company's growth potential is incorrect, the value of the company's stock may fall or may never approach the value SignalPoint has placed on it. Growth stocks may fluctuate in value more than other stocks in reaction to changing market conditions.
- *Value Stock Risk.* Companies that SignalPoint believes are undervalued may be subject to special risks or may have suffered adverse developments that have caused their stocks to fall out of favor. If SignalPoint's perception of a company's prospects is wrong, or if other investors do not agree that a company's stock is undervalued, the value of the stock may fall or may never reach the value SignalPoint has placed on it.
- Small- and Mid-Cap Company Risk. Stocks of small- and mid-cap companies may be more volatile than stocks of larger companies. Small- and mid-cap companies also may lack the managerial, financial or other resources necessary to implement their business plans or succeed in the face of competition. Many of these companies are young and have a limited track record. Thus, small- and mid-cap companies may be more vulnerable to adverse business or market developments than larger companies. Their stock may also trade less frequently and in more limited volume than those of larger companies, which may make it difficult for SignalPoint to sell a small- or mid-cap stock on favorable terms.
- Lack of Diversification. Because SignalPoint's Equity Strategy may concentrate a client's equity portfolio in the stocks of relatively few companies, a client's portfolio may be more vulnerable to adverse business developments affecting one or two such companies than if the client's portfolio had been invested more broadly. In addition, it is possible that a single economic event could affect significant portion of the companies in a client's portfolio, especially if the client's holdings are concentrated in related economic sectors or sectors broadly affected by any single economic variable.
- Covered Call Options. By writing a call option a security held in a client's portfolio, the portfolio limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option but continues to bear the risk of a decline in the value of the underlying security.

#### **Fixed Income Investments.**

- Credit Risk. The issuer of a fixed income security may be unable or unwilling to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation.
- Issuer Risk. The value of a fixed income security may decline due to a number of factors relating to the issuer or its industry or economic sector. This risk is heightened for lower rated fixed-income securities.
- Change in Rating Risk. If a rating agency gives a fixed-income security a lower rating, the value of that security will likely decline because investors will demand a higher rate of return.
- Interest Rate Risk. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of real interest rates and an expected inflation rate.
- Municipal Securities Risk. The value of municipal obligations can fluctuate over time, and may be affected by adverse political, legislative and tax law changes, as well as by financial developments that affect the municipal issuers. From time to time, liquidity in the municipal bond market (the

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ability to buy and sell bonds readily) may be reduced in response to overall economic conditions and credit tightening. During times of reduced market liquidity, a client's portfolio may not be able to sell bonds readily at prices reflecting the values at which the bonds are carried. Sales of large blocks of bonds by market participants that are seeking liquidity can further reduce bond prices in an illiquid market.

- **Government Securities Risk.** It is possible that the U.S. government would not provide financial support to its agencies or instrumentalities if it is not required to do so by law. If a U.S. government agency or instrumentality in which a client's portfolio invests defaults and the U.S. government does not stand behind the obligation, the value and yield of the security could fall. Securities of U.S. government sponsored entities, such as Freddie Mac or Fannie Mae, are neither issued nor explicitly guaranteed by the U.S. government.
- **Tax Risk.** In order to be tax-exempt, municipal securities must meet certain legal requirements. Failure to meet such requirements may cause either the interest received or distributed to clients to be taxable. Changes or proposed changes in federal tax laws may also cause the prices of municipal securities to fall. The federal income tax treatment of payments in respect of certain derivatives contracts is unclear.

**Foreign Securities Risk.** Investment in securities of foreign issuers involves certain special risks. Foreign issuers and markets may not be subject to the same degree of regulation and accounting discipline as U.S. issuers and markets. In addition to credit and market risk, investments in foreign securities involve sovereign risk, which includes fluctuations in foreign exchange rates, future political and economic developments, and the possible imposition of exchange controls or other foreign governmental laws or restrictions. In addition, with respect to certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments that could adversely affect investments in those countries. There may be less publicly available information about a foreign company than about a U.S. company. Securities of foreign companies may be less liquid and their prices more volatile than securities of comparable U.S. companies. Dividend and interest income from foreign securities will generally be subject to withholding taxes by the country in which the issuer is located and may not be recoverable by the client. These risks may be greater in less developed countries, which are sometimes referred to as emerging markets.

## Disciplinary Information

SignalPoint, along with Messrs. Handy, Orzel, Walker and Timson entered into an Offer of Settlement with the SEC on July 2, 2014, pursuant to which the SEC issued an Order finding that SignalPoint and Handy, Orzel, Walker and Timson violated the Advisers Act by failing to disclose Handy, Walker and Timson's control and participation in the management of SignalPoint and related conflicts of interest to clients. Pursuant to the Offer of Settlement and without the SignalPoint parties admitting or denying the allegations, the SEC issued censures, a cease and desist order, and monetary fines.

Arising from the same facts as the SEC Order is based on, Messrs. Handy, Timson and Walker entered into an Acceptance Waiver and Consent with the Financial Industry Regulatory Authority (FINRA) on March 2, 2015, for allegedly violating its rules relating to disclosing outside business activity and private securities transactions to their previous broker-dealer in their formation and control in SignalPoint. Without admitting or denying the allegations, Messrs. Handy, Timson and Walker agreed to a suspension from membership in FINRA for a period of eighteen (18) months and a monetary fine that has been deferred.

## Other Financial Industry Activities and Affiliations

Walnut Capital Management, LLC (“Walnut Capital”) offers wealth management services through its owners, Jay Handy, Jonathan C. Timson, D. Robin Walker, and its employees, who are each individually licensed as investment advisory representatives of SignalPoint. Walnut Capital’s owners also control the advisory business of SignalPoint through their dual roles as managing directors of SignalPoint. Because of this relationship, Walnut Capital’s owners and employees have an incentive to refer potential clients to SignalPoint. SignalPoint relies on Walnut Capital’s owners and employees for client referrals. As a result, SignalPoint has an incentive to favor clients referred by Walnut Capital. Walnut Capital does not charge its own advisory fees. SignalPoint pays to each licensed investment advisory representative a portion of the advisory fees for which that person is responsible.

SignalPoint also has solicitor arrangements with individuals that refer clients to SignalPoint where a registered representative acting as a solicitor may receive compensation on an ongoing basis. For further information on Solicitor fees, see the section titled “Client Referrals and Other Compensation”.

SignalPoint Capital Management, LLC (“SCM”), a majority-owned subsidiary of SignalPoint, serves as investment advisor to SignalPoint Global Alpha Fund (the “Fund”). The Fund is a separate diversified series of The Mutual Fund Series Trust (the “Trust”), an Ohio business trust, and is registered with the SEC as an open-end management investment company (or mutual fund). SignalPoint may purchase shares of mutual funds, including shares of the Fund, for clients’ accounts, or recommend that clients invest in the Fund. Because the Fund pays SCM a management fee, this may create a conflict of interest by influencing SignalPoint to invest client assets in the Fund. To help avoid this conflict, SignalPoint will not charge clients an advisory fee on assets invested the Fund. The Fund charges its own advisory fee and other expenses, which are set forth in the Fund’s Prospectus. Clients are also free to purchase the Fund through another investment advisor or directly from the Fund’s distributor.

## Code of Ethics

SignalPoint has adopted a Code of Ethics applicable to all of SignalPoint’s supervised persons describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, prohibition on insider trading, prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at SignalPoint must acknowledge the terms of the Code of Ethics annually, or as amended.

SignalPoint is affiliated with SCM, which acts as an investment adviser to an investment company that we may recommend to clients. However, SignalPoint is constrained by fiduciary principles to act in its clients’ best interests and will recommend the Fund to clients only when it is appropriate to do so.

SignalPoint effects transactions both on national securities exchanges and in over the counter, or OTC, transactions on an agency basis consistent with OTC requirements and SignalPoint’s duty of best execution. OTC transactions may be placed directly with market makers who act as principals for their own account and include mark-ups in price charged for the securities or with broker-dealers who act as agents and charge brokerage commissions for effecting the transactions.

From time to time, SignalPoint’s employees may purchase securities for their own personal accounts, which are also purchased on behalf of clients. In such cases, SignalPoint’s employees will not affect transactions for their personal accounts that are contrary to recommendations being made to clients. SignalPoint and its employees will not compete with clients in connection with such transactions. Generally, SignalPoint employee accounts may be invested in similar SignalPoint investment strategies as a client. In these instances, block trading is used and

orders are allocated on a *pro rata* basis so as to treat all clients fairly. SignalPoint has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act, which is based on the principle that SignalPoint and its employee advisors have a fiduciary duty to its clients. In complying with this duty, SignalPoint advisory personnel must avoid activities or interests that might interfere with making decisions in the best interests of clients. Under the Code of Ethics, SignalPoint's advisory personnel are required to submit regular reports of their personal securities transactions to the Chief Compliance Officer for review. In addition, each person subject to the Code of Ethics is required to report all violations of which such person becomes aware to the Chief Compliance Officer. SignalPoint will provide a copy of its Code of Ethics, free of charge, upon the request of any client.

## Brokerage Practices

**Investment or Brokerage Discretion & Recommendation of Brokers.** SignalPoint is not a qualified custodian. As such it is our clients' responsibility to appoint their own custodian to hold their assets. However, SignalPoint can assist the client in this decision. For discretionary accounts, SignalPoint prefers to select the broker-dealer that SignalPoint believes will provide best execution of portfolio transactions for the client's accounts and, generally, the client leaves that selection to SignalPoint. Occasionally a client may, in writing, direct SignalPoint to use a particular broker-dealer to execute portfolio transactions for its account or request that certain types of securities not be purchased for its account.

Signalpoint may receive research or other products or services other than execution from a broker-dealer in connection with client securities transactions ("soft dollar benefits"). Schwab provides SignalPoint with technology and research related services whose cost the firm would otherwise have to pass on to the client. The receipt of the "soft dollar benefits" may present a conflict of interest because of the incentive to recommend Schwab based on the firm's receipt of these benefits. These products and services assist SignalPoint in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of SignalPoint's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of SignalPoint's accounts, including accounts not maintained at Schwab.

Schwab may also make available to SignalPoint other services intended to help SignalPoint manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to SignalPoint by independent third parties. Schwab may discount or waive fees that each 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 SignalPoint. Schwab may also make available to SignalPoint other products and services that benefit SignalPoint but may not benefit its clients' accounts. These benefits may include national, regional or SignalPoint specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of SignalPoint by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities.

Because SignalPoint is a fiduciary it will execute securities transactions only with or through broker-dealers whom SignalPoint believes provide the most favorable total cost or net proceeds reasonably obtainable under the circumstances. We consider a wide range of factors in selecting and/or recommending brokers to execute client transactions; including price, the broker's reliability to effect securities transactions on SignalPoint's behalf, access

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to the broker, ease of trade supervision, and the broker's responsiveness to and communication with SignalPoint. SignalPoint typically affects securities transactions that are executed on a national securities exchange and OTC transactions conducted on an agency basis through various broker-dealers at negotiated commission rates. Accordingly, transactions will not always be executed at the lowest available commission rate. Negotiated commission rates will be based upon SignalPoint's judgment of execution requirements of the transaction as well as the quality of research services provided by the broker-dealer.

SignalPoint assesses the reasonableness of commissions paid in light of the total brokerage and research services provided by each particular broker-dealer. The full range of brokerage services applicable to a particular transaction will be considered when making this judgment. Such brokerage services may include: capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers, administrative ability, underwriting and provision of information on the particular security or market in which the transaction is to occur.

The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is affected, and the extent to which it is possible to select from among multiple broker-dealers capable of effecting the transaction. When securities are purchased or sold in the over-the-counter market, SignalPoint may use a broker if, in its opinion, based upon market price data and other relevant information, SignalPoint is able to obtain the best available price and most favorable execution.

When SignalPoint reasonably determines that more than one broker can offer the brokerage services needed to obtain the best available priced and most favorable execution, SignalPoint:

- (1) may consider selecting those brokers that also supply research services or assistance to SignalPoint in fulfilling its investment management responsibilities; and
- (2) except with respect to ERISA accounts, may select a broker-dealer in recognition of the broker-dealers past referral of the particular client for whom the transaction is being executed, or of other clients, or in anticipation of possible future referrals from the broker-dealer. In doing so, unless otherwise specifically disclosed to the client, SignalPoint does not pay higher commissions, concessions, or mark-ups than would otherwise be obtainable from broker-dealers that do not provide client referrals to SignalPoint. Certain broker-dealers selected by SignalPoint provide SignalPoint with certain research and statistical services of the kind contemplated by Section 28(e) of the Securities Exchange Act of 1934 (the "1934 Act"), services which would otherwise be available to SignalPoint for a cash payment. To the extent that research services of value are provided by broker-dealers, SignalPoint may be relieved of expenses that it might otherwise bear.

If a client directs the use of particular broker-dealer, then SignalPoint will place all orders pursuant to its investment determinations on behalf of the client's portfolio through the broker-dealer selected by the client, even though SignalPoint may be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. A client who designates the use of a particular broker-dealer should understand that it will lose (i) the possible advantage that SignalPoint's other clients derive from aggregation of orders for several clients as a single transaction for the purchase or sale of a particular security, (ii) the ability of SignalPoint to effectively negotiate the commission rate, (iii) any research services provided by broker-dealers. In addition, under these circumstances a disparity in commission rates may exist between commissions charged to other clients. Such a client's trades may also be affected with or after the trades of clients which have not designated a particular broker-dealer.

SignalPoint does not enter agreements with, or make commitments to, any broker-dealer that would bind SignalPoint to compensate that broker-dealer with client commissions in return for client referrals.

**Aggregation.** As a matter of general policy and practice, SignalPoint will aggregate transactions for clients when possible and advantageous for advisory clients. Aggregating transactions allows the trading of aggregate blocks of securities of assets from multiple client accounts. Generally, aggregating client transactions allows advisers to execute transactions in a more timely, efficient and equitable manner and to seek best execution and/or to reduce commission charges for clients.

When and where possible, SignalPoint will aggregate transactions for all clients including directed and non-directed brokerage transactions for individual and institutional client portfolios. Client transactions may not be aggregated with other non-directed client transactions where a client has directed SignalPoint to use a particular broker-dealer for its portfolio transactions. However, SignalPoint will generally aggregate client transactions in directed brokerage arrangements when clients have directed SignalPoint to use the same broker-dealer.

## Review of Accounts

All client accounts are typically reconciled with their respective custodian valuations on a daily basis. If there are discrepancies noted, they will be discussed with the custodian. Portfolios are also reviewed at least annually by the assigned advisor to ensure all portfolios are being managed in compliance with (a) the client's stated goals and objectives and (b) SignalPoint's investment philosophy and strategy.

In addition to such annual reviews, clients will receive regular reports from SignalPoint regarding their account. Generally, clients receive quarterly, monthly if there has been activity in the account, reports of all transactions for that period and current portfolio holdings from their qualified custodian. In addition, clients with accounts in a SignalPoint model portfolio receive quarterly performance reports from SignalPoint noting account performance, portfolio holdings, and commentary on current market environment. SignalPoint may conduct a special review of any client account upon request or in unusual market circumstances. Finally, through telephone calls and in-person meetings, SignalPoint portfolio managers will keep clients informed of the investment policy and strategy being used to seek to achieve the clients' investment objectives.

SignalPoint will contact each client at least annually to determine whether there have been any changes in the client's financial situation or investment objectives, or whether the client wishes to impose reasonable restrictions on the management of the account or modify an existing restriction. Clients will be notified quarterly in writing requesting that SignalPoint be contacted if there have been any changes in the client's financial situation, goals or objectives.

SignalPoint's portfolio management personnel, who are knowledgeable about the management of the client's portfolio, will be available on a reasonable basis to meet with the client at the client's request.

## Client Referrals and Other Compensation

SignalPoint receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see



Item 12-Broker Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying a particular security for our clients.

SignalPoint, from time to time, enters into written agreements with certain individuals and entities who will act as solicitors of client accounts for SignalPoint in accordance with the requirements of Rule 206(4)-3 of the Advisers Act. The individual or entity who solicits the client account will receive a portion of the total fee paid to SignalPoint for managing the account. Unless the solicitor is an officer, director or employee of SignalPoint, he or she will provide each client with certain disclosure documents including a "Solicitor's Disclosure Statement" which, among other things, sets forth the amount of the fee paid by SignalPoint in connection with the client referral.

The referral agreements between SignalPoint and its solicitors are designed to comply with Rule 206(4)-3 of the Advisers Act. Rule 206(4)-3 specifies certain standards that must be met by an investment adviser and any person who solicits any client for, or refers any client to, such adviser prior to the payment of a cash fee directly or indirectly for client solicitation or referral.

## Custody

Generally, clients receive quarterly account statements and/or reports, including information related to all transactions for that period and current portfolio holdings, directly from their qualified custodian. SignalPoint urges all clients to carefully review the official custodian reports, and compare such reports to the quarterly performance reports generated by SignalPoint, where applicable. If questions arise, the client is encouraged to contact the client's custodian and SignalPoint. SignalPoint reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Because SignalPoint has authority to deduct advisory fees directly from client accounts, SignalPoint is deemed to have custody of the assets and securities in client accounts within the meaning of Rule 206(4)-2 under the Advisers Act (the "Custody Rule") but is permitted to check "no" to Item 9 on Form ADV, Part 1A. SignalPoint does not accept physical custody of client funds or securities. Physical custody of client funds and securities is maintained by an independent qualified custodian. Clients will retain ownership of all securities and cash in their accounts.

## Investment Discretion

SignalPoint usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold for the client's account. In all cases, however, such discretion is exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining their amounts, SignalPoint observes the client's investment policies, limitations. Investment guidelines and restrictions must be provided to SignalPoint in writing.

## Voting Client Securities & Class Action Lawsuits

As a matter of firm policy and practice, SignalPoint does not have any authority to and does not vote proxies on behalf of advisory clients. The custodian of the account will normally provide proxy materials directly to the client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. SignalPoint may provide advice to clients regarding the clients' voting of proxies; however, it is in the client's sole discretion and at the client's sole expense to decide whether and how to vote such proxies.



Some of the holdings purchased in client accounts may become involved in class action lawsuits. Because SignalPoint is not in a position to offer clients legal advice, SignalPoint does not advise clients on whether or not to participate in the lawsuit. Upon request, SignalPoint will assist a client in completing the forms necessary to participate in a class action lawsuit involving a security held in an account advised by SignalPoint.

## **Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the adviser's financial condition. SignalPoint has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.