

DISCLOSURE BROCHURE

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Part 2A of Form ADV: Firm Brochure



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Andina Capital Management, LLC
REGISTERED INVESTMENT ADVISOR

This Disclosure Brochure provides information about the qualifications and business practices of Andina Capital Management, LLC, which should be considered before becoming a client. You are welcome to contact us if you have any questions about the contents of this brochure - our contact information is listed to the right. Additional information about Andina Capital Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator. Furthermore, the term "registered investment advisor" is not intended to imply that Andina Capital Management, LLC has attained a certain level of skill or training.

HOME OFFICE

Thanksgiving Business Park
2600 Executive Parkway
Suite 451
Lehi, Utah 84043

Tel: 801.653.0564
Fax: 866.790.4221

BRANCH OFFICES

12230 El Camino Real
Suite 400
San Diego, California 92130

Tel: 801.718.2098
Fax: 866.790.4221

617 N. Vernal Avenue
Suite 4
Vernal, Utah 84078

Tel: 801.653.0564
Fax: 866.790.4221

www.andina-capital.com

BROCHURE
DATED

1
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MATERIAL CHANGES

ITEM 2

There are no material changes to report. This Disclosure Brochure has been reviewed and is current as of the date indicated on the cover.

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BROCHURE SUPPLEMENTS

ADVISORY BUSINESS

Who We Are

Andina Capital Management, LLC (hereinafter referred to as “Andina”, “we”, “us” and “our”) is a registered investment advisor¹, organized in 2009 as a Utah Limited Liability Company to offer wealth management services designed to assist you, our client², achieve the financial stability, security, and the financial independence you desire.

Our Mission

Our mission is to passionately serve our clients by partnering with them to identify and realize the vision of their ideal future. We strive to enrich lives through objective advice, vision and coordination. Our personalized services help families perpetuate their legacy and values through education and wealth stewardship principles.

Owners

The following persons control Andina:

Name	Title	CRD#
Eric S. Barlow	Managing Member	2243431
J. Brett Belliston	Managing Member & Chief Compliance Officer	2402952

What We Do

We offer financial solutions that stress fiscal responsibility and shrewd planning that is not always about the accumulation of assets, but how to manage the complexities that wealth creates using estate planning, risk management, investment and tax planning strategies, and philanthropy giving to preserve assets for **today’s needs, tomorrow’s dreams**, and for a **lasting legacy** for future generations. Our services include:

- ❖ The construction of a financial plan to evaluate the investing and financial options available to you based upon your defined goals.
- ❖ The design of an asset allocation guideline unique to your predefined goals and objectives.
- ❖ Advice on how to best navigate the current economic and investment environment.
- ❖ Implementation of the investment and risk management strategies necessary to attain your financial goals.
- ❖ Monitoring the investment performance of such management strategies

Our job is to **keep you focused** on where you want to go, **offer advice** on how best to get there, and continually remind you of the importance of being **financially disciplined** as you dare greatly in a worthy cause.

¹ The term “registered investment advisor” is not intended to imply that Andina Capital Management, LLC has attained a certain level of skill or training. It is used strictly to reference the fact that we are “Registered” as an “Investment Advisor” with the United States Securities & Exchange Commission - and “Notice Filed” with State Regulatory Agencies that have limited regulatory jurisdiction over our business practices.

² A client could be high-net-worth individuals and their family members, a family office, a foundation or endowment, a charitable organization, a private investment fund, a corporation and/or small business, a trust, a guardianship, an estate, another fiduciary, a retirement plan, or any other type of entity to which we choose to give investment advice.

Wealth Management Services

Estate, Financial & Tax Planning

All our advice begins with a plan. Planning is one of the most important tools successful people use to bridge unexpected events to create an extraordinary personal life, business career, and the security needed in their retirement years. However, such planning requires a lifetime commitment, not only from you but from us as well, your Financial Planner.

Being Fiscally Responsible

Planning for your future, whether estate, financial, and/or tax planning, is being fiscally responsible. A well-designed plan is a step-by-step process intended to identify and clarify purpose, personal and family core values, needs, and priorities to align your financial decisions with your goals in all areas of your life and business. Planning includes:

1. Arriving at a series of decisions and action items based on current and future financial circumstances and defined goals and objectives;
2. Projecting the consequences of these decisions for you in the form of an economic plan - a **working blueprint**; and,
3. Implementing the protocols outlined in the plan to achieve the plan objectives.

Once complete, the plan, or working blueprint, becomes the benchmark that is used to help us evaluate where you are in achieving your financial goals, needs, and objectives.

Estate, Financial & Tax Planning Composition

All forms of planning are a mutually defined review, analysis and evaluation of your personal financial needs. In general, planning may encompass one or more of the following areas of financial need as communicated by you:

- ❖ Identify and clarify personal and family core values, mission, vision, and goals.
- ❖ Preparation of the financial plan, which encompasses your:
 - Current financial situation.
 - Liquidity and asset preservation needs.
 - Wealth accumulation and growth.
 - Wealth distribution and transfer.

More specifically planning may include, but is not limited to, the following modules:

- Financial Statements - Cash Flow and Balance Sheet.
- Savings and Emergency Reserves.
- Asset Allocation and Investment Portfolio Analysis.
- Potential Income Tax consequences in collaboration with your tax advisor.
- Risk Management and Insurance Analysis.
- Retirement and Income Analysis.
- Long-Term Healthcare.
- Estate and Family Legacy Planning.
- Business Succession Planning.
- ❖ Outline of recommendations, strategies, solutions and resources.
- ❖ Prioritizing and implementing the written action plan.
- ❖ Investment consultations that allow us to create and implement a customized investment strategy tailored to your long-term investment goals.
 - Prepare a professional investment proposal that can include a written Investment Policy Statement ("IPS"), if requested.

- Access to our open-architecture platform with a variety of investment management solutions.
- ❖ Facilitate meetings with you and/or advisors or specialists within our professional network.
- ❖ Coordinate and facilitate meetings with family members, business associates, partners or other key individuals to assist with implementing your action plan.

Preparing the Estate, Financial & Tax Plan

In the development of your unique plan we will follow the **six (6) step Financial Planning Practice Standards** process established by the Certified Financial Planner Board of Standards, Inc. These steps are defined as follows:

Step 1: Establish and define the client-planner relationship.

The first step is to learn about you and what you want to achieve. We seek to thoroughly understand your needs, concerns, and priorities. We will explain how we will assist you meet your stated personal and financial objectives, and the responsibilities we have as a fiduciary on this journey. In addition, we explain fully the cost of completing the work and the method and timeframe of payment that will be needed.

Step 2: Gathering client data identifying both financial and personal goals and objectives.

In the second step of the planning process, we learn about you and what you want to achieve. This is accomplished through personal interviews and profile questionnaires,³ which are designed to address your unique financial planning needs. You will have the opportunity to prioritize objectives and to remove from the process any areas that are not applicable to your circumstances. **The time we invest during the evaluation process to listen and cater to your desires is critical for developing a strong financial planning foundation.** Such time helps to:

- ❖ Define and narrow objectives and investment options;
- ❖ Stimulate creative thinking;
- ❖ Identify areas of greatest concern;
- ❖ Cultivate peace of mind;
- ❖ Create an accurate picture of your overall financial personality; and,
- ❖ Provide an effective and efficient way for us to address your unique financial needs and objectives.

Step 3: Analyze and evaluate the client's financial status.

In this third step, we analyze the information you provided to determine your current financial situation and what you should do to meet your goals. Depending on the services you requested, this might include analyzing: (i) your assets, liabilities and cash flow; (ii) your current insurance coverage and investments; and, (iii) your tax strategies and estate planning documents.

Step 4: Develop and present financial planning recommendations and/or alternatives.

Once the analysis has been completed, we begin formally documenting your goals and objectives. We define the plan as a road map (a series of blueprints) designed to take you from where you currently are financially, to where you want to be at some point in the future. This is the **creative portion** of the process. There are usually several ways

³ The profile questionnaire we use is an important tool in gathering information about your investment methodology, risk tolerance, income/tax bracket, liquidity, time horizons, etc. If you elect not to answer the questionnaire or choose to respond with limited input, it is possible that we could operate in a handicapped capacity contrary to your investment needs. Therefore, if you desire the most effective and accurate recommendations regarding your managed account(s), you should make every effort to provide us with your detailed personal needs and objectives, along with detailed financial and tax information.

to accomplish a given goal. The objective, however, is to integrate financial instruments into a plan that you will be comfortable executing. In some cases, the drafting of the plan reveals the need for us to help you reconcile the gap between your expectations and your financial realities. Once a viable plan has been drafted, it is presented to you and reviewed. The draft and review process may be repeated until you are satisfied with the financial plan.

This step completes the planning process. There will be additional costs for you to implement your plan under steps 5 and 6. You have the choice to allow us to implement your financial, tax & estate plan or you can use another outside professional.

Step 5: Implement the planning recommendations.

An estate, financial and/or tax plan is of limited value if it is not put into action. Accordingly, we assist you with implementing⁴ and monitoring the plan. The action plan schedule provides you with a list of tasks and deadlines designed to ensure that **you put your plan into action**. The following are some examples of implementation:

- ❖ Drafting of appropriate estate documents (performed in conjunction with an estate attorney).
- ❖ Purchase of various insurance policies (provided by our licensed insurance agents or another independent agent of your choice).
- ❖ Investment advisory services that include implementing your asset allocation strategy (performed by us, or another investment adviser/broker-dealer of your choice).
- ❖ Adopting and monitoring of a personal budget.
- ❖ Ongoing income tax planning (prepared by an independent Certified Public Accountant or tax accountant of your choice).

Step 6: Monitor the planning recommendations.

Once the plan has been built and the recommendations have been implemented it is critical that these recommendations be monitored on a continuing basis to ensure that they remain consistent with your financial parameters. **Material changes in your personal circumstances, the general economy, changes in the way you want your investments allocated, or tax law changes are some of the reasons why the recommendations should be reviewed periodically and possibly adjusted.** Continued monitoring of established personal budgets and the continued effects of taxation on the plan are assessed regularly at your option per an Annual Review.

The fee for preparing a financial plan is disclosed under “Estate, Financial & Tax Planning Fees” below in Item 5, **“Fees & Compensation”**.

⁴ Implementing the recommendations made in an estate, financial and/or tax plan often requires consultation or coordination with one or more outside professionals (e.g. attorneys, CPAs, insurance agents, and securities representatives). All personal and private information received from you will be kept entirely confidential, not only by us, but by the outside professionals as well. Your confidential information will be disclosed to third parties only with your consent or as may be permitted or required by law.

Investment Management

We offer two investment management options based on your financial needs. These services include: (1) Portfolio Management and (2) Portfolio Monitoring.

Portfolio Management

Our Portfolio management strategies focus on managing a diversified allocation of Investment Company (“mutual funds”) products to achieve the best return on your investment capital.

You can find information about our management fee structure under “Portfolio Management Fee” in Item 5, “**Fees & Compensation**” below and further description of our investment strategies under Item 8, “**Methods of Analysis, Investment Strategies & Risk of Loss.**”

Portfolio Monitoring

Portfolio Monitoring consists of recommending either third-party money managers for you to select to manage your assets or the portfolio management resources of another investment advisor to manage an SMA (Separately Managed Account) we have arranged for you with our custodian. We will refer to both of these arrangements as “Portfolio Manager” services throughout this brochure.

Under these arrangements, we are **not involved in the day-to-day management of your portfolio assets**. Our responsibility will be to continuously evaluate the performance of your portfolio and make recommendations in changing Portfolio Managers if the Manager is underperforming or you make changes to your investment parameters and personal goals.

Fees for Portfolio Monitoring services are disclosed below under “Portfolio Monitoring Fee” in Item 5, “**Fees & Compensation**” below and how we evaluate Portfolio Managers is discussed under Item 8, “**Methods of Analysis, Investment Strategies & Risk of Loss.**”

Assets Under Management

We offer two (2) types of investment management under wealth management services: Portfolio Management and Portfolio Monitoring. Portfolio Management accounts will be managed on a discretionary basis. Portfolio Monitoring accounts are non-discretionary, managed by independent third-party money managers (“Portfolio Managers”). As of January 1, 2015, our assets under management totaled:

Discretionary Managed Accounts	\$110,200,000
Portfolio Manager ⁵ Accounts	\$40,000,000

⁵ We do not include assets managed by independent Portfolio Managers in our “Regulatory Assets Under Management” calculation in our Form ADV Part 1A, Item 5.F. since we do not manage the securities held in your account on a discretionary or non-discretionary basis. The Portfolio Manager managing your account is required to include your assets in their Discretionary Account totals since they will physically manage the securities.

FEES & COMPENSATION

Estate, Financial & Tax Planning Fees

The cost to prepare a plan depends on the scope of engagement, complexity of service requested, the nature of your personal and financial situation, and any other factors that may affect the project to perform the services you desire.

Comprehensive Planning

Comprehensive planning services are offered on an **hourly rate not to exceed \$500 with a maximum fixed fee not to exceed \$200,000** for the initial engagement. Comprehensive planning fees may be significantly reduced if we are providing you additional services, such as Portfolio Management.

The comprehensive planning fee will be fully disclosed up-front in a planning agreement, which will include the cost⁶ to review your financial information and prepare the comprehensive plan. Our preference is for the fee to be paid in full up front; however, we will also accept one-half the fee at the time the contract is signed, with the remaining balance due upon completion of the plan⁷.

Modular or Targeted Planning

If you desire only modular or targeted planning - review, analysis and evaluation of a core area of financial need - the fee will be billed at **our hourly rate not to exceed \$500⁸**. All fees will be completely itemized in a billing statement to you, or as otherwise predetermined in a proposal, engagement letter and/or by retainer.

Annual Retainer

It is important to note that an estate, financial and/or tax plan is constantly changing due to changes in life's circumstance, changes in asset values or expected returns, and/or changes in goals and objectives. An annual estate, financial and/or tax plan review is designed to systematically address these changes and help you stay on course toward the achievement of your objectives and goals.

Annual Review

Once the initial estate, financial and/or tax planning services have been completed, we will establish future "Annual Review" dates. The Annual Review dates generally begin after the first anniversary and will be to review and make adjustments, if necessary, to the estate, financial and/or tax plan. Together we will set the calendar dates for your future reviews; inasmuch, an Annual Review may consist of two or three visits during the calendar year.

⁶ Rarely will a fee exceed those costs outlined in the Agreement. However, there can be instances where we did not contract with you to perform a particular task and therefore merit notifying you of the additional cost prior to beginning such services.

⁷ The recommendations made in a financial plan are generally completed within 30 to 45 days from you signing the Agreement. However, implementing the plan using outside professionals (i.e., attorneys, CPAs, etc...) may require additional time that is out of our control. Therefore when we refer to the completion of the financial plan, we are referring to us (you and us) finalizing your financial benchmarks/objectives before approaching any outside professional.

⁸ For a modular or targeted financial plan, we require a minimum of two hours consultation to address any personal and financial needs you may have.

Annual Review Fee

We reserve the option to waive our annual review fee if we are currently managing your investments. If we are not managing your investment portfolio and you want us to review your estate, financial and/or tax plan, we will notify you of the cost to perform the desired work before commencing. Such retainer fee will generally range from 25% to 40% of the first year planning fee depending on the length of time since our last review and on the services you request (i.e., If the first year planning fee was \$10,000, the annual review fee would be from \$2,500 to \$4,000.). However, if you have experienced significant change in your life circumstances since the date of your previously prepared plan, the fee could be exceedingly higher.

Termination

Comprehensive or targeted Planning Termination

You can terminate the estate, financial and/or tax planning agreement at any time prior to the presentation of any final planning documents. We will be compensated through the date of termination for time spent in design of such financial documents at the hourly rate agreed to in the agreement. If you have prepaid any fees, such un-earned fees will be returned on a pro-rata basis. After the estate, financial and/or tax plan has been completed and presented to you, termination of the agreement is no longer an option.

Annual Retainer Termination

Annual retainer services can be terminated at any time. The Company will bill you for any services rendered from the date of the last bill up to the date of termination at the fee rate that was agreed to in the proposal, engagement letter and/or retainer agreement.

Portfolio Management Fee

Portfolio management is provided on an asset-based fee arrangement. Regardless of the portfolio account size, our management fee will not exceed an annual rate of 2.00% - negotiable on a client-by-client basis depending on the size and complexity of the portfolio managed. Our management fee is calculated based on the aggregate market value of your account on the last business day of previous calendar quarter multiplied by one-fourth of the corresponding annual percentage rate (i.e., $2.00\% \div 4 = 0.50\%$).

We generally require a minimum initial investment of \$1,000,000 to open a managed account; however, we retain the right to waive or reduce this minimum if we feel circumstances are warranted.

Protocols for Portfolio Management

The following protocols establish how we handle our portfolio management accounts and what you should expect when it comes to: (i) managing your account; (ii) your bill for investment services; (iii) deposits and withdrawing funds from your account(s); and (iv) other fees charged to your account(s).

Discretion

We will establish discretionary trading authority on all management accounts to execute securities transactions at anytime without your prior consent or advice. At anytime however, you may impose restrictions, in writing, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

Billing

You will be **billed quarterly in advance** based on the above fee arrangements. For **new managed accounts** opened in mid-quarter, our fee will be based on a pro-rated calculation of your assets to be managed for the current calendar quarter.

Advisory fees will be deducted first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees.

Deposits and Withdrawals

For **existing management accounts**, assets deposited by you into your portfolio management account between billing cycles will not result in additional management fees being billed to your account **unless such deposits exceed \$50,000**. We do not want to discourage you from investing additional capital for your future but deposits of this amount or greater, in most cases, will require modifications and adjustments to your investment allocation. Therefore, we reserve the right to bill your account a pro-rated fee based upon the number of days remaining in the current quarterly period for deposits exceeding the above amount.

For assets you may withdraw during the quarter, we **do not make pro-rated refunds** of our quarterly portfolio management fee. Just as with deposits, withdrawals from your account will require modifications and adjustments to be made to correct the allocation of assets in your portfolio.

Fee Exclusions

The above fees for our management services are exclusive of any charges imposed by the custodial firm who has custody of your portfolio; including, but not limited to: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or portfolio account charges, such as, postage/handling fees, electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees; and (iv) brokerage and execution costs associated with securities held in your managed portfolio account. There can also be other fees charged to your portfolio that are unaffiliated with our management services.

In addition, all fees paid to us for investment management are separate from any fees and expenses charged on mutual fund shares by the Investment Company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as: 12b-1 fees. Redemption fees, account fees, purchase fees, contingent deferred sales charges, and other sales load charges may occur but are the exception within managed portfolio accounts at institutional custodians. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

Termination of Portfolio Management Services

To terminate our portfolio management services, either party (you or us) by written notification to the other party, may terminate the investment advisory agreement at any time. Such notification should include the date the termination will go into affect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity).

In the event termination does not fall on the last day of a calendar quarter, **you shall be entitled to a pro-rated refund** of the prepaid quarterly management fee based upon the

number of days remaining in the quarter after the termination notice goes into affect. **Once the termination of investment advisory services has been implemented, neither party has any obligation to the other** - we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

Portfolio Monitoring Fee

Under the arrangements with the Portfolio Managers, we are not involved in the day-to-day management of your portfolio assets. **Our responsibility to the Portfolio Manager(s)** will be to ensure you meet their minimum qualifications. Once your account has been established we will provide all the administrative and clerical duties as may be required to service your account. The Portfolio Manager(s) may have little or no direct contact with you.

Our responsibility to you will be to continuously evaluate the performance of your portfolio to ensure your investment objectives are being achieved and to make recommendations to you regarding the Portfolio Manager as market factors and your personal goals dictate.

Portfolio Managers Fee

We actively negotiate with each Portfolio Manager to discount their management fees.

Portfolio Managers who are **not** managing your portfolio under an SMA arrangement will disclose their fees for management services in their Disclosure Brochures (the Portfolio Manager's ADV Part 2A: Firm Brochure or Part 2A Appendix 1: Wrap Fee Program Brochure), **which we will provide you prior to, or at the same time as, opening an account.** The total fees to be charged to your account, generally **not to exceed a 2.50% annually**, will include:

1. The Portfolio Manager's management fee;
2. Our Portfolio Monitoring fee, if the Portfolio Manager is handling the billing; and,
3. Trading commissions and/or account charges, depending on if the Portfolio Manager is "wrapping" all the fees, which may be imposed by the custodian or broker/dealer used to custody your account(s).

If we bill our monitoring fee separately from the Portfolio Manager, our fee will **not exceed 2.00%** and your account will be handled pursuant to the protocols disclosed under "Portfolio Management Fee" above.

The Portfolio Managers who **manage an SMA we have arranged for you** will bill your account separately from our monitoring fee. Their fees will be disclosed to you under a separate agreement provided by our custodian.

Protocols for Portfolio Monitoring

For Portfolio Managers who are **not** managing your portfolio under an SMA arrangement, you will want to consult that Portfolio Manager's Disclosure Brochure for their policies on how they will handle your account; such as, billing, deposits and withdrawals, fee exclusions, termination, and any other unique advisory costs associated with their service since we **do not take discretion** over the management of your account. We will discuss these arrangements with you when we go to open your account with a Portfolio Manager; however, **you are encouraged to read their terms for management on your own.**

PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

ITEM 6

The Managing Members of Andina, Eric S. Barlow and J. Brett Belliston, also serve as the Managing Members of Andina Partners, LLC, which is the General Partner to several private investment funds. For more information on these Funds, please see “Private Investment Fund Affiliation” under Item 10 below, “Other Financial Industry Activities & Affiliations”.

The fee structure for the Funds is performance-based. For you to participate you must be defined to be one of the following:

- ❖ An “**accredited investor**”, as defined in Rule 501 of Regulation D under the 1933 Act;
- ❖ A “**qualified client**” as defined in Rule 205-3 under the 1940 Investment Adviser Act; or
- ❖ A “**qualified purchaser**” under Section 2(a)(51) of the 1940 Investment Company Act.

If you do not meet one of the three qualifications, **you are disqualified** from investing in the investment funds. However, should it be determine that you do fit the criteria to invest in one or more of the investment funds, and you express interest to invest, a Confidential Private Placement Memorandum (“PPM”) will be provided. This PPM discloses all possibilities for conflicts of interest and inherent risks, which are necessary for you to make an informed decision.

You are under no obligation to invest in any of the investment funds. However, if you do choose to invest, you **also have the right to rescind your subscription** and receive a full refund of your investment within three (3) business days after entering into a Subscription Agreement.

TYPES OF CLIENTS

ITEM 7

The types of clients we offer advisory services to are described above under “Who We Are” in the Item 4, the “**Advisory Business**” section. Our minimum account size for portfolio management is disclosed above under “Portfolio Management Fee” in Item 5 above in the, “**Fees & Compensation**” section of this Brochure.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

ITEM 8

Portfolio Management - Methods of Analysis, Investment Strategies & Managing Risk

Our portfolio management services are designed to build long-term wealth while attempting to preserve capital and mitigate risk through diversifying investments in Investment Company (“mutual funds”) products and with the use of alternative investment sources such as independent third-party money managers and private investment funds for you to achieve the desired return on your investment.

Methods of Analysis

In analyzing mutual funds to develop an efficient asset allocation portfolio, we will use a combination of analysis techniques to gathering information and to guide us in our management decisions.

Fundamental Analysis

Fundamental analysis considers: efficiency ratios, growth rates, enterprise value, economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits.

Technical Analysis

Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others.

Fundamental analysis provides us with a broad long-term view of a security that begins with determining a company's value and the strength of its financials while **technical analysis** is short-term focusing on the statistics generated by market activity.

Investment Strategies

We are not bound to a specific investment strategy or ideology for the management of investment portfolios but how **your investment may be impacted by your tolerance to risk**. **Money made** from increased stock values has greater risk (volatility) than **money earned** from dividends in income-oriented securities. Our goal is to balance making and earning money by maintaining a disciplined management approach, regardless of the strategy, so as to not sacrifice long-term goals for short-term gains. Our investment strategies may incorporate some, all, or none of these methodologies:

Proprietary Software - Performex®

Andina employs portfolio management software entitled Performex® licensed by Asset Allocation Consultants, Ltd. The Performex® software applies various proprietary analytics to the performance of individual investment funds and their managers.

Asset Allocation

Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk. From this we may use more narrow and aggressive Asset Allocation derivatives.

Modern Portfolio Theory

Modern Portfolio Theory ("MPT")⁹ is the analysis of a portfolio of stocks as opposed to selecting stocks based on their unique investment opportunity. The objectives of MPT is to determine your preferred level of risk and then construct a portfolio that seeks to maximize your expected return for that given level of risk.

⁹ The "Portfolio Theory" was developed and introduced by Harry M. Markowitz in his paper "Portfolio Selection" published in 1952 by the *Journal of Finance* while he was working on his PhD doctoral thesis at the University of Chicago. Mr. Markowitz further refined his theory during the latter part of the 1950's and on into the 70's. Along the way, his theory became known as the "Modern Portfolio Theory". Mr. Markowitz won the Nobel Memorial Prize in Economic Sciences in 1990 as a co-laureate along with William Sharpe.

Managing Risk

The biggest risk to you is the risk that the value of your investment portfolio will decrease due to moves in the market. This risk is referred to as the **market risk** factor, also known as variability or volatility risk. Other important risk factors:

- ❖ **Interest Rate Risk** - Interest rate risk affects the value of bonds more than stocks. Essentially, when the interest rate on a bond begins to rise, the value (bond price) begins to drop; and vice versa, when interest rates on a bond fall, the bond value rises.
- ❖ **Equity Risk** - Equity risk is the risk that the value of your stocks will depreciate due to stock market dynamics causing one to lose money.
- ❖ **Currency Risk** - Currency risk is the risk that arises from the change in price of one currency against that of another. Investment values in internationally securities can be affected by changes in exchange rates.
- ❖ **Inflation Risk** - The reduction of purchasing power of investments over time.
- ❖ **Commodity Risk** - Commodity risk refers to the uncertainties of future market values and the size of future income caused by the fluctuation in the prices of commodities (i.e., grains, metals, food, electricity, etc...).

The risk factors we have cited here are not intended to be an exhaustive list, but are the most common risks your portfolio will encounter. Other risks that we have not defined could be political, over-concentration, and liquidity to name a few. However, notwithstanding these risk factors, the most important thing for you to understand is that regardless of how we analyze securities or the investment strategy and methodology we use to guide us in the management of your investment portfolio, **investing in a security involves a risk of loss that you should be willing and prepared to bear.** Furthermore, **past market performance is no guarantee that you will see equal or better future returns on your investment.**

Portfolio Monitoring - Methods of Analysis, Investment Strategies & Managing Risk

With the use of Portfolio Managers, focus of our selection and monitoring is to **balance investment return and risk, with the emphasis on spreading risk among asset classes.** The specific methods of analysis, investment strategies, and risk management will be handled at the discretion of the Portfolio Manager.

We will perform a due-diligence **on-site review** of our current and prospective Portfolio Managers to evaluate:

- ❖ **Regulatory Oversight:** Show proper licensure as: (a) a bank/trust company, (b) an insurance company, (c) a registered Investment Company, or (d) a registered investment advisor. In addition, a clear track record of compliance and understanding of their fiduciary duties.
- ❖ **Track Record:** The Portfolio Manager should have at least seven years of history so that performance statistics can be properly calculated.
- ❖ **Stability:** The same management team should be in place for at least seven years. This reflects team unity and balance.
- ❖ **Composition:** At least 80% of the Portfolio Manager's underlying securities investments should be consistent with the broad asset class.
- ❖ **Expense Ratios/Fees:** The Portfolio Manager's fees should **not** be above the median of the peer group.
- ❖ **Performance:** The Portfolio Manager's investment performance should show a competitive advantage relative to their peer group in both up and down markets.

This reflects an investment knowledge and understanding of the inner-workings of the securities markets.

In monitoring the investment performance of Portfolio Managers, we will utilize the above criteria to trigger when we should more closely scrutinize a particular Manager for possible replacement.

DISCIPLINARY INFORMATION

ITEM 9

We have no legal or disciplinary events to report.

OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

ITEM 10

Financial Industry Affiliation

The Managing Members of Andina, Eric S. Barlow and J. Brett Belliston, are principal executive officers and Investment Committee Members to several private funds in addition to serving as the Managing Members of this company, Andina Capital Management, LLC.

Mr. Barlow and Mr. Belliston in one or more companies may: (i) be a member on the Board of Directors and/or an officer or partner in which they have other managerial duties; (ii) a member of the Investment Committee; (iii) act simply as a passive shareholder; and/or (iv) provide additional services as a representative of that entity. These personal business interests are separate and distinct from the operations of Andina, including certain advising and consulting activities that are beyond the scope of services we provide. Those private funds that Mr. Barlow and Mr. Belliston are involved in are listed as follows:

- ❖ **Andina Partners, LLC** - Andina Partners is a Delaware Limited Liability Company organized to act as the General Partner with responsibility for operational management oversight and control over the affairs of several private Limited Partnerships. Mr. Barlow and Mr. Belliston are the Managing Members of Andina Partners.
- ❖ **Blue Field Income I GP, LLC** - Blue Field Income I GP is a Utah Limited Liability Company organized to act as the General Partner with responsibility for operational management oversight and control over the affairs of Blue Field Income Fund I, LP, Blue Field Legacy Fund, LP, and Blue Field Development Fund I, LP. Mr. Barlow and Mr. Belliston each have a 25% ownership in the Blue Field Income I GP, LLC.
- ❖ **K Fund Capital Management, LLC** - K Fund Capital Management is a Delaware Limited Liability Company organized to act as the General Partner with responsibility for operational management oversight and control over the affairs of The K Fund, LP. Mr. Barlow and Mr. Belliston each have a 33% ownership in the K Fund Capital Management, LLC.

Potential Time Management Conflict

The time Mr. Barlow and Mr. Belliston devote to their obligations as General Partners of these funds can range from 30% to 50% of their time depending on their fiduciary management responsibilities and regulatory reporting time constraints as part of their administrative duties. Mr. Barlow and Mr. Belliston's responsibility to these funds may occasionally create a time management conflict that you should consider. However,

neither Mr. Barlow nor Mr. Belliston feels their responsibilities to these funds will distract from their duty to manage your investment portfolio.

Potential Conflicts Working with Affiliated Entities

Referrals to, from, and between Andina and any one of the funds' General Partners listed above can create a potential conflict of interest to Mr. Barlow and Mr. Belliston's fiduciary duty to be impartial with their advice and to keep your interests ahead of their own. As the Managing Partner, or a member of the fund acting as the Managing Partner, of private investment funds, Mr. Barlow and Mr. Belliston are able to influence you to keep your investment activities in house. Therefore, before accepting either Mr. Barlow's or Mr. Belliston's recommendation to engage any of these affiliated companies, **you may want to consider other options to ensure the service you receive is comparable to the service you might receive elsewhere.**

Regardless, Andina strives to serve your best interest and maintain our fiduciary responsibility by making you aware of circumstances that could adversely affect the management of your account(s) in compliance with the Investment Advisers Act of 1940, Rule 275.206.

Private Investment Fund Affiliation

Each of the above General Partners is responsible for implementing the investment strategy of each of these private investment funds' unique investment objectives and those trading strategies deemed to possess the optimal combination of earnings potential. The investment trading strategies of each of the private investment funds' are briefly described below:

- ❖ **Andina Absolute Return Fund, LP** - The objective of the Absolute Return Fund is to invest, approximately half of its assets, in currency-related investments that offer consistent, above-average returns, while also attempting to preserve capital and mitigate risk through diversification of investments and hedging activities in securities of any kind or other property of U.S. and foreign issuers. Andina Partners is the General Partner.
- ❖ **Andina Commodities Fund, LP** - The objective of the Commodities Fund is to invest a significant portion of its assets in commodity-related investments to seek consistent, above-average returns, while also attempting to preserve capital and mitigate risk through diversification of investments and hedging activities. The Commodities Fund intends initially to operate as a fund-of-funds and generally not invest directly in other securities. Andina Partners is the General Partner.
- ❖ **Andina Contra Fund, LP** - The objective of the Contra Fund is to invest a significant portion of its total assets in strategies that are contrarian in nature, including pure short-selling strategies, as well as long/short strategies that look at both extremes of the asset valuation spectrum - from extreme pessimism (undervalued assets) to extreme exuberance (overvalued assets). The Contra Fund intends initially to operate as a fund-of-funds and generally not invest directly in other securities. Andina Partners is the General Partner.
- ❖ **Andina Growth Fund, LP** - The objective of the Growth Fund is focused on growth through equity price appreciation. Approximately three-fourths of the Growth Fund is allocated to equity strategies, some long and short, while also attempting mitigate risk through diversification of investments and hedging activities by investing and/or trading in securities of any kind or other property of U.S. and foreign issuers. Andina Partners is the General Partner.
- ❖ **Andina Midas Fund, LP** - The objective of the Midas Fund is to invest in precious metals to provide protection against both inflation and monetary instability. The primary investment holding in the Midas Fund is gold with peripheral exposure to

other precious metals, including a portion allocated to the actual ownership of numismatic currency. Complementary allocations are also made to asset classes with sources of return that are unrelated to the commodities market in order to improve the risk/return attributes of the total fund. Andina Partners is the General Partner.

- ❖ **Blue Field Legacy Fund, LP** - The Legacy Fund was formed to co-invest with strategic partners in real estate development projects and other real estate-related investments. The Legacy Fund seeks to generate superior long-term cash-on-cash returns, recognize long-term capital appreciation, and preserve investor capital. Blue Field Income I GP is the General Partner.
- ❖ **Blue Field Income Fund I, LP** - The Income Fund I is a private equity real estate fund formed to source, underwrite, acquire, maintain real estate and real estate related assets. The Income Fund I seeks to make equity and equity-related investments with strategic partners in such assets that are focused on solid monthly income and long-term capital preservation. Blue Field Income I GP is the General Partner.
- ❖ **Blue Field Development Fund I, LP** - The Development Fund I is a private equity real estate fund formed to source, underwrite, acquire, maintain and eventually exit out of real estate and real estate related assets. The Development Fund I seeks to make equity and equity-related investments with strategic partners in development projects that are focused on generating stable monthly income, realizing long-term capital appreciation, and preserving investor capital. Blue Field Income I GP is the General Partner.
- ❖ **The K Fund, LP** - The K Fund is a diversified private equity fund founded to source, evaluate, invest, and profitably exit investment positions in private and public companies. In addition, The K Fund may invest in other funds, including investing in discounted secondary positions and with other private funds offering co-investment opportunities. K Fund Capital Management is the General Partner.

Investment Limitations and General Considerations

You may be solicited, along with other independent investors, to invest in one or more of these private investment funds if you are defined as one of the following:

- ❖ An “accredited investor”, as defined in Rule 501 of Regulation D under the 1933 Act;
- ❖ A “qualified client” as defined in Rule 205-3 under the 1940 Investment Adviser Act; or
- ❖ A “qualified purchaser” under Section 2(a)(51) of the 1940 Investment Company Act.

If you do not meet one of the three qualifications, **you are disqualified** from investing any of these private investment funds. However, should it be determined that you do fit the criteria to invest in one or more of these private funds, and you express interest to invest, a Confidential Private Placement Memorandum (“PPM”) will be provided to you. The PPM discloses all possibilities for conflicts of interest and inherent risks, which are necessary for you to make an informed decision.

You are under no obligation to invest in any of the private investment funds. However, if you do choose to invest, you **also have the right to rescind your subscription** and receive a full refund of your investment within three (3) business days after entering into a Subscription Agreement.

See “Pooled Investment Vehicle Compensation” under Item 14, “Client Referrals & Other Compensation” for other potential conflicts of interest, and “Pooled Investments” under Item 15, “Custody” for more information on how operating this Funds creates a custody situation.

Insurance Company Activities & Affiliations

Certain of our management persons and Investment Advisor Representatives (“RA”) are also licensed as resident life, health, and fixed annuity insurance agents in their state of residence and may be licensed as non-resident agents in other states. These agents are licensed to sell insurance-related products and earn commissions from the sale of those products.

As agents, these RAs are licensed to sell insurance-related products and earn commissions from the sale of these products. Potential conflicts of interest can occur when an RA, as a trusted advisory advising your portfolio for a fee, recommends you purchase an insurance product in which he/she will earn a commission. **This can create a situation of divided loyalty and the objectivity of the advice rendered could be subjective and create a disadvantage to you.**

For further information on potential conflicts and economic benefits from these activities by RAs who hold the above licenses, see “Financial Planning Compensation” below under Item 14, “Client Referrals & Other Compensation” of this Brochure. In addition, more information about our RAs who offer investment advice and their insurance activities can be found in their individual “Brochure Supplements”.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

ITEM 11

Code of Ethics

As a fiduciary, Andina has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim - do the right thing. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

Client Transactions

We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

Participation or Interest

Other than the opportunity to invest in the BroadReach Strategy Fund, LP (the “Fund”), which is currently closed to new investors, it is against our policies for any owners, officers, directors or employees to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by our Chief Compliance Officer, and such investment is not in violation of any SEC and/or State rules and regulations.

Insider Trading Policy

We comply with the Insider Trading and Securities Fraud Enforcement Act of 1988. We do not share any non-public information with anyone who does not need to know and has set-up internal controls to guard your personal information.

Class Action Policy

Andina, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.

Personal Trading

Employees of ours are permitted to personally invest their own monies in securities, which may also be, from time to time, recommended to you. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there may be instances where investment purchases for you may also be made in an employee’s account. In these situations, we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative (“RA”), or who has discretion over your account, shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We maintain a list of all securities holdings for all our access employees. Our Chief Compliance Officer reviews these holdings on a regular basis.
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Bunched orders (See “Aggregating Trade Orders” below under Item 12, “**Brokerage Practices**”) may include employee accounts. In such cases, priority and advantage will be given to satisfy your order first regardless of the situation.
5. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by the Chief Compliance Officer to ensure that such activities do not impact upon your security or create conflicts of interest.

BROKERAGE PRACTICES

Custodial Services

Andina maintains a custodial relationship with Charles Schwab & Company, Inc. ("Schwab"), a registered broker-dealer (member FINRA/SIPC), through its Schwab Advisor Services to financial advisors. Schwab offers services, which include custody of securities, trade execution, clearance and settlement of transactions.

Our recommendation for you to custody your assets with Schwab has no direct correlation to the services we receive from Schwab and the investment advice we offer you, although **we do receive economic benefits** through our relationship with Schwab that are typically not available to Schwab retail clients. These benefits include the following products and services (provided without cost or at a discount):

- ❖ Receipt of duplicate client statements and confirmations;
- ❖ Research related products and tools and consulting services;
- ❖ Access to a dedicated trading desk;
- ❖ Access to batch trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to accounts);
- ❖ The ability to have advisory fees deducted directly from accounts;
- ❖ Access to an electronic communications network for order entry and account information; and,
- ❖ Access to mutual funds with no transaction fees and to certain institutional money managers.

We are not a subsidiary of, or an affiliated entity of Schwab. We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from Schwab.

Direction of Transactions and Commission Rates (Best Execution)

We have a fiduciary duty to put your interests before our own. The advisory support services we received from Schwab creates an economic benefit to us and a potential conflict of interest to you; in that, our recommendation to custody your account(s) with Schwab may have been influenced by these arrangements/services. **This is not the case;** we have selected Schwab as our custodians of choice based on:

1. Their competitive transaction charges, trading platform, and on-line services for account administration and operational support.
2. Their general reputation, trading capabilities, investment inventory, their financial strength, and our personal experience working with Schwab staff.

Since we do not recommend, suggest, or make available a selection of custodians other than Schwab, and we have not verified whether their transaction fees are competitive with another custodian, **best execution may not always be achieved.** Therefore, **you do not have to accept our recommendation to use Schwab as your custodian.** However, if you elect to use another custodian, we may not be able to provide you complete institutional services.

Aggregating Trade Orders

Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as “best execution”) for our clients. Therefore, we will not bunch (aggregate) orders for a block trade unless: (i) the bunching of orders is done for the purpose of achieving best execution; and, (ii) no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** - Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Clients** - The fewer the number of client accounts involved in the bunched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each client. In addition preparing individual market orders, for the small number accounts involved, may be quicker to complete than preparing a bunch order.
- ❖ **Financial Instruments** - The type of security involved as well as the complexity of order can affect our ability to achieve best execution.

If you would like additional information on our trading allocation policies, a copy is available for review upon request.

Selection of Portfolio Managers

We will make available a select group of Portfolio Managers from which you may choose to manage your account(s). We will assist you in determining which will provide the most effective financial growth based upon your stated investment objectives and risk tolerance level. **The brokerage practices of the Portfolio Manager will be disclosed in their ADV Part 2A: Firm Brochure or Part 2A Appendix 1: Wrap Fee Program Brochure, which we will provide you prior to, or at the same time as, opening an account.**

While we have exercised our best efforts evaluating the investment performance and cost of service offered by these Portfolio Managers, we make no representation the Portfolio Manager in which we refer you has the best investment performance or has the lowest portfolio management costs. In addition, your selection of such Portfolio Managers will be limited to those with whom we have entered into service agreements. Therefore, it is possible that you might be able to contract for similar services elsewhere or separately, with equivalent or better performance at lower cost.

REVIEW OF ACCOUNTS

ITEM 13

Portfolio Management Reviews

Each account is reviewed on an ongoing basis by Eric S. Barlow, J. Brett Belliston, or the Investment Advisor Representative (“RA”) assigned your account to ensure that your needs and objectives are being met. All accounts are reviewed in the context of your stated investment objectives and guidelines. Cash needs will be adjusted as necessary.

You will receive monthly statements from Charles Schwab & Company, Inc. where your account(s) are custodied. You are encouraged to review each statement which summarizes the specific investments held, the value of your portfolio and account transactions.

You are also encouraged to review with us investment strategies and account performance on an annual basis. Material changes in your personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, **it is your responsibility to communicate changes in your personal circumstances so that the appropriate adjustments can be made.**

Portfolio Monitoring Reviews

Should your account be managed by a third-party money manager ("Portfolio Manager"), the RA over your account will monitor and evaluate the performance of the Portfolio Manager. We understand your goals and tolerance for risk may change over time; therefore, **even though we are not involved in any way with the day-to-day management of your assets** maintained with a Portfolio Manager(s), your portfolio will be monitored and we will make recommendations to you regarding the Portfolio Manager(s) as market factors and your personal goals dictate.

Financial Planning Reviews

The financial planner who has/is designing your financial plan will work closely with you to be sure the action points identified in the financial plan have been or are being properly executed. Once the action points have been completed, the financial plan should be reviewed at least annually. Material changes in your lifestyle choices, personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, **it is your responsibility to communicate these changes to us** so that the appropriate adjustments can be made.

CLIENT REFERRALS & OTHER COMPENSATION

ITEM 14

Referral Compensation

We do not receive any economic benefit from an independent party for managing your account(s). In addition, we do not compensate persons/firms for client referrals.

Other Compensation (Indirect Benefit)

Andina receives an indirect, non-monetary, economic benefit from Schwab (See "Custodial Services" above under Item 12, "**Brokerage Practices**" for more detailed information on what these services and products could be.)

Financial Planning Compensation

As previously mentioned, certain of our Investment Advisor Representatives ("RAs") are **commissioned insurance agents** (See "Insurance Company Activities & Affiliations" above in Item 10, "**Other Financial Industry Activities & Affiliations**" for more information.). This can create a conflict of interest when recommending for a fee, through a financial plan, that you purchase insurance products where a commission can also be earned.

In addition, there are also potential conflicts of interest when an RA suggests the need for outside consultations and professional services (i.e., attorneys, accountants, brokers, etc.) to implement certain aspects of a financial plan. Even though the RA does not receive any share of fees earned by the outside professionals when implementing a financial plan, it does create an incentive on his/her part to refer your business to only those entities that in turn refer potential clients to us. In both cases, there is potential for divided loyalty and the objectivity of the advice rendered could be subjective and create a disadvantage to you. Therefore, to ensure you understand the choices and risks you have in receiving financial planning along with all other investment recommendations, the following disclosures are provided to assist you with your decisions:

- ❖ Certain aspects of a financial plan may require the assistance of a Registered Representative of a broker-dealer to execute a transaction. In this situation regardless of who performs the transaction(s), **such person will be entitled to earn a commission or fee.**
- ❖ If requested by you to implement any insurance recommendations made in the financial plan, the RA will execute such transactions through those insurance companies in which he/she is a licensed insurance agents. In such cases, **the RA will receive the normal commissions associated with such insurance transactions.**
- ❖ You are under no obligation to have any related parties that we recommend prepare planning documents (i.e.; financial, estate, tax, etc...). **You are free to choose those outside professionals to implement the recommendations made in the financial or estate plan.**
- ❖ Andina does not receive any economic benefit from referring you to another professional without first notifying you of such possibilities.

Notwithstanding these disclosures, other conflicts of interest may arise from time-to-time. In such cases, we will make every effort to fully disclose any issues prior to engagement. We strive, at all times, **to serve your best interest and ensure proper disclosure** is being made to you in compliance with the Investment Adviser Act of 1940, Rule 275.206.

Pooled Investment Vehicle Compensation

Our fiduciary duty binds us to an ethical standard of complete care and loyalty and to avoid circumstances that might affect, or appear to affect, this standard unless we act transparently and provide you full and fair disclosure on any potential conflict.

In addition to serving as the Managing Members of this company, Andina Capital Management, LLC, Eric S. Barlow and J. Brett Belliston, are also the principal executive officers and Investment Committee Members to several private investment funds. As such, **Mr. Barlow and Mr. Belliston will receive economic benefits from recommending that you to invest in these private investment funds.** These benefits could be, but are not limited to, an increase in: advisory/consulting fees, salaries, performance fees, and income/dividend returns should you choose to invest in one or more of the private investment funds. **Therefore, before accepting our recommendation to invest in these affiliated private funds, you should consider other investment opportunities to ensure the expenses and investment returns are comparable or equivalent to the private investment funds being recommended.**

See “Financial Industry Affiliation” and “Private Investment Fund Affiliation” above under Item 10, **“Other Financial Industry Activities & Affiliations”** for disclosure about time management, affiliated entity considerations, and the investment qualifications of the private investment funds. Also see “Pooled Investments” under Item 15, **“Custody”** for more information on how operating these investment funds creates a custody situation.

CUSTODY

Management Fee Deduction

We do not take possession of or maintain custody of your funds or securities, but will simply monitor the holdings within your portfolio and trade your account based on your stated investment objectives and guidelines. Physical possession and custody of your funds and/or securities shall be maintained with Charles Schwab & Company, Inc. as indicated above in Item 12, “**Brokerage Practices.**”

We are however defined as having custody since you have authorized us to deduct our advisory fees directly from your account. Therefore, to comply with the United States Securities and Exchange Commission’s Custody Rule (1940 Act Rule 206(4)-2) requirements, and to protect you as well as to protect our advisory practice, we have implemented the following regulatory safeguards:

- ❖ Your funds and securities will be maintained with a qualified custodian (Schwab) in a separate account in your name.
- ❖ Authorization to withdraw our management fees directly from your account will be approved by you prior to engaging in any portfolio management services.

Schwab is required by law to send you, at least quarterly, brokerage statements summarizing the specific investments currently held in your account, the value of your portfolio, and all account transactions. **You are encouraged to compare the financial data contained in our report and/or itemized fee notice with the financial information disclosed in your account statement from Schwab to verify the accuracy and correctness of our reporting.**

Pooled Investments

As previously mentioned, Eric S. Barlow and J. Brett Belliston, are also the Managing Members and/or Investment Committee Members to several Limited Liability Companies serving as the General Partners to numerous private investment funds. (See Item 10, “**Other Financial Industry Activities & Affiliations**” above under “Financial Industry Affiliation” for more information.).

As the Managing Members, or an Investment Committee Members, and General Partners of numerous private investment funds, Mr. Barlow and Mr. Belliston have legal control of, ownership of, and access to, the assets held in these private investment fund. By virtue of there positions, Mr. Barlow and Mr. Belliston have the authority to dispose of these assets, whether appropriate or not, without the limited partners of the private investment funds ever knowing. Therefore, to protect the limited partners and to comply with the 1940 Act Custody Rule 206(4)-2 safekeeping requirements for pooled investment vehicles, each of the private investment funds will:

- ❖ Be subject to an audit (as defined in Section 2(d) of Article 1 of Regulation S-X [17 CFS 210.1-02(d)]) at least annually.
- ❖ Ensure the independent public account performing the audit is subject to regular annual inspection by the PCAOB, in accordance to the rules of the PCAOB.
- ❖ Distribute the audited financial statements prepared in accordance with Generally Accepted Accounting Principles to all limited partners within 120 days of the end of the fiscal year.

- ❖ Upon liquidation of all assets in the Funds, should one of them close, have a final audited financial statement prepared and promptly distributed to all limited partners after the completion of such audit.
- ❖ Have the third-party administrator (“TPA”) review all fees, expenses, and capital expenditures and furnish each limited partner with quarterly statements and K-1 tax documents for reporting income, losses, and dividends to limited partners in the Fund.

The Confidential Private Placement Memorandum (“PPM”) discloses all the safeguards that have been implemented to protect the limited partners. If you are both a client of Andina and limited partner of one or more of these private investment funds, you are encouraged to read the PPM where such procedures are disclosed.

INVESTMENT DISCRETION

ITEM 16

We will have you complete our Investment Advisory Agreement which sets forth our discretionary trading authority to buy and sell securities in whatever amounts are determined to be appropriate for your account and whether such transactions are with, or without, your prior approval.

You may, at anytime, impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

VOTING CLIENT SECURITIES

ITEM 17

We do not vote client proxies. You understand and agree that you retain the right to vote all proxies, which are solicited for securities held in your managed accounts. Any proxy solicitations inadvertently received by us will be immediately forwarded to you for your evaluation and decision.

However, if you have specific questions regarding an action being solicited by the proxy that you do not understand or you want clarification, you may contact us and we will explain the particulars. Keep in mind we will not advise you in a direction to vote, that ultimate decision will be left to you.

FINANCIAL INFORMATION

ITEM 18

We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$1,200.

We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.

END OF DISCLOSURE BROCHURE