



*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Point Bridge Capital, LLC. If you have any questions about the contents of this brochure, please contact the Firm using the information above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about Point Bridge Capital, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Point Bridge Capital, LLC is a federally registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, Point Bridge Capital, LLC (“Point Bridge”) is required to discuss any material changes that have been made to the brochure since the last annual amendment filed on March 30, 2015. There are no such material changes to disclose.

## Item 3. Table of Contents

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

## Item 4. Advisory Business

Point Bridge offers a broad range of advisory services including investment and portfolio management services. The Firm's core business objective is to learn and understand clients' investment objectives, concerns and risk tolerance, and to then propose and implement a mutually agreed upon, customized investment and wealth management strategy to address them. After a strategy has been implemented, it is the Firm's responsibility to then closely monitor its progress and report back regularly to the client. Prior to the rendering of any of the foregoing advisory services, clients are required to enter into one or more written agreements with Point Bridge setting forth the relevant terms and conditions of the advisory relationship (the "Agreement").

Point Bridge has been conducting business as an investment adviser since October, 2013 and is wholly owned by its Managing Member, Hal A. Lambert. As of March 23, 2015, Point Bridge had approximately \$305,669,190 assets under management. \$126,766,730 of which was managed on a discretionary basis and \$178,902,460 of which was managed on a non-discretionary basis.

While this brochure generally describes the business of Point Bridge, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Point Bridge's behalf and is subject to the Firm's supervision or control.

### Investment Management Services

Point Bridge generally manages client investment portfolios on a discretionary basis. In addition, Point Bridge may provide clients with an expansive range of related services, which may include any or all of the following functions:

- Business Planning
- Corporate Advisory Services
- Lending Services
- Cash Flow Forecasting
- Asset Allocation
- Trust and Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Needs Analysis
- Retirement Plan Analysis

In performing these services, Point Bridge is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Point Bridge may recommend the services of itself and/or other professionals to implement its recommendations. In providing certain of the above services, clients retain discretion over decisions regarding implementation.

In regards to portfolio management services, Point Bridge primarily allocates client assets among various independent investment managers (“Independent Managers”), mutual funds, exchange-traded funds (“ETFs”), individual debt and equity securities and options, in accordance with the investment objectives of its individual clients. In addition, Point Bridge may also recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios.

Point Bridge tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. Point Bridge consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify Point Bridge if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Point Bridge determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

## **Use of Independent Managers**

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As mentioned above, Point Bridge may select certain Independent Managers to actively manage a portion of its clients’ assets. The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement between the designated Independent Manager and either Point Bridge or the client. In addition to this brochure, clients may also receive the written disclosure documents of the designated Independent Managers engaged to manage their assets. Point Bridge does not receive compensation from these Independent Managers.

Point Bridge evaluates various information about the Independent Managers it chooses to manage client portfolios, which may include the Independent Managers’ public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers’ investment strategies, past performance and risk results in relation to its clients’ individual portfolio allocations and risk exposure. Point Bridge also takes into consideration each Independent Manager’s management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Point Bridge continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Point Bridge seeks to ensure the Independent Managers’ strategies and target allocations remain aligned with its clients’ investment objectives and overall best interests.

## Item 5. Fees and Compensation

Point Bridge offers its services on a fee basis, based upon assets under management or advisement.

### **Investment Management Fees**

Point Bridge provides investment management services for an annual fee based on the amount of assets under the Firm's management. The fee varies between 75 and 150 basis points (0.75% – 1.50%), depending upon the size of a client's portfolio and the type of services rendered.

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Point Bridge on the last day of the previous billing period.

If assets in excess of \$10,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate.

### **Fee Discretion**

Point Bridge, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

### **Additional Fees and Expenses**

In addition to the advisory fees paid to Point Bridge, clients may also incur certain charges imposed by other third parties, such as, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

### **Fee Debit**

Clients generally provide Point Bridge and certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as

qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Point Bridge.

## **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to Point Bridge's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Point Bridge, subject to the usual and customary securities settlement procedures. However, Point Bridge designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Point Bridge may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Point Bridge does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

Point Bridge provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

## **No Minimum Account Requirements**

Point Bridge does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain Independent Managers may, however, impose more restrictive account requirements and varying billing practices than Point Bridge. In these instances, Point Bridge may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

### **Methods of Analysis and Investment Strategies**

Point Bridge may utilize several methods of analysis when structuring client portfolios. Analysis includes both top down and bottom up views and research.

Top down will include analyzing market factors such as global industrial production, interest rate expectations, and geopolitical conditions. The Firm monitors these factors to help manage risk within asset classes and overall asset allocation for clients.

Bottom up analysis focuses on fundamental company research looking at cash flow return on invested capital (CFROI), company management, balance sheet leverage, and competitive advantages. The Firm looks for companies that are undervalued based on their CFROI and growth rate compared to other companies within the same sector. Point Bridge also considers where it is in the economic cycle at the macro level to determine which companies present greater risk to earnings and growth. Additionally, Point Bridge looks at sector weightings to make sure it has a diversified cross section of companies within client portfolios.

As part of the Firm's recommendations, it may use third party managers for specific asset classes. In recommending these managers, Point Bridge conducts extensive due diligence looking at operational controls, risk management, style drift, research capabilities, and management teams. The Firm analyzes historical performance and the ability of this performance to be replicated going forward.

## **Risks of Loss**

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### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

### *Market Risks*

The profitability of a significant portion of Point Bridge's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Point Bridge will be able to predict those price movements accurately.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees,

redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Use of Independent Managers*

As stated above, Point Bridge may recommend the use of Independent Managers. In these situations, Point Bridge continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Point Bridge generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

### *Use of Private Collective Investment Vehicles*

Point Bridge may also recommend that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and other offering documents explaining such risks prior to investing.

### *Master Limited Partnerships (MLPs)*

Master Limited Partnerships ("MLPs") are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and may be adversely affected by changes to supply and demand, regional instability, currency spreads,



inflation and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their pro rata share of the partnership taxes, regardless of the types of accounts where the interests are held.

### *Real Estate Investment Trusts (REITs)*

Point Bridge may recommend an investment in, or allocate assets among, various real estate investment trusts (“REITs”), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle’s shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

### *Management Through Similarly Managed “Model” Accounts*

Point Bridge manages certain accounts through the use of similarly managed “model” portfolios, whereby the Firm allocates all or a portion of its clients’ assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients’ net after tax gains. While the Firm seeks to ensure that clients’ assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client’s individual tax ramifications. Clients should contact Point Bridge if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

## **Item 9. Disciplinary Information**

Point Bridge has not been involved in any legal or disciplinary events that are material to a client’s evaluation of its advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### Relationship with Dynasty Financial Partners, LLC

Point Bridge maintains a business relationship with Dynasty Financial Partners, LLC (“Dynasty”), which provides the Firm with operational and back office support including access to a network of service providers. Through the Dynasty network of service providers, Point Bridge has access to trading technology, transition support, reporting, custody, brokerage, investments, compliance and other related services. The Firm may also engage and/or recommend Dynasty’s subsidiary, Dynasty Wealth Management LLC, a registered investment adviser, to clients for certain outsourced investment services, such as separate account management, asset allocation strategies and externally managed investment programs. While Point Bridge believes this open architecture structure for both operational and investment services best serves the interests of its advisory clients, this relationship may potentially present certain conflicts of interest due to the fact that Dynasty retains a portion of the platform or other third party fees paid by the Firm or clients for the services referenced above. In light of the foregoing, Point Bridge seeks at all times to ensure that any material conflicts are addressed on a fully-disclosed basis and handled in a manner that is aligned with its clients’ best interests. Point Bridge does not receive any portion of the fees paid directly to Dynasty, its affiliates or the service providers made available through Dynasty’s platform. In addition, the Firm reviews all such relationships, including the service providers engaged through Dynasty, on an ongoing basis in an effort to ensure clients are receiving competitive rates in relation to the quality and scope of the services provided.

### Fee for Introduction

Hal Lambert, in his individual capacity, has a relationship with Seer Capital Management LP to introduce certain mortgage underwriters. Where Seer Capital Management LP purchases mortgages from such a mortgage underwriter, Mr. Lambert will receive a fee based upon the amount purchased. Because the Firm recommends investment in Seer Capital Management LP to certain clients, this individual relationship would be considered a conflict of interest. The Firm will only make such an investment recommendation where it is in the best interest of clients.

## Item 11. Code of Ethics

Point Bridge has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. Point Bridge’s Code

of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Point Bridge's personnel (called "Access Persons") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by Access Persons to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Access Person may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the Access Person) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Access Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Point Bridge to request a copy of its Code of Ethics.

### **Item 12. Brokerage Practices**

Point Bridge generally recommends that clients utilize the brokerage and clearing services of Pershing, LLC through Pershing Advisor Solutions ("Pershing") for investment management accounts.

Factors which Point Bridge considers in recommending Pershing or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Pershing enables Point Bridge to obtain many mutual funds without transaction charges and other securities at

nominal transaction charges. The commissions and/or transaction fees charged by Pershing may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Point Bridge's clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Point Bridge determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Point Bridge seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Point Bridge periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct Point Bridge in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Point Bridge (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Point Bridge may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless Point Bridge decides to purchase or sell the same securities for several clients at approximately the same time. Point Bridge may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Point Bridge's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Point Bridge's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Point Bridge determines to aggregate client orders for the purchase or sale of securities, including securities in which Point Bridge's Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Point Bridge does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of

the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Point Bridge may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Point Bridge in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Point Bridge does not have to produce or pay for the products or services.

## **Software and Support Provided by Financial Institutions**

Point Bridge may receive from Pershing, without cost to Point Bridge, computer software and related systems support, which allow Point Bridge to better monitor client accounts maintained at Pershing. Point Bridge may receive the software and related support without cost because Point Bridge renders investment management services to clients that maintain assets at Pershing. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit Point Bridge, but not its clients directly. In fulfilling its duties to its clients, Point Bridge endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Point Bridge's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Point Bridge's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

Specifically, Point Bridge may receive the following benefits from Pershing through its Pershing Advisor Solutions Division:

- Up to \$100,000 in coverage for qualifying third-party service providers used in connection with the initial set up of the Firm's research, technology and software platforms;
- Receipt of duplicate client confirmations and bundled duplicate statements;

- Access to a trading desk that exclusively services its Pershing Advisor Solutions participants;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

## Item 13. Review of Accounts

### Account Reviews

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For those clients to whom Point Bridge provides investment management services, Point Bridge monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by one of Point Bridge's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Point Bridge and to keep Point Bridge informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Point Bridge and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from Point Bridge or an outside service provider.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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Point Bridge may compensate unaffiliated or affiliated solicitors for client introductions. In addition, Point Bridge may be compensated for client introductions. Such referral fees will be paid or received in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee paid by Point Bridge is paid solely from Point Bridge's investment management fee and does not result in any additional charge to the client. If the client is

introduced to the Firm by an unaffiliated solicitor, the solicitor provides the client with a copy of Point Bridge's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Point Bridge discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Point Bridge's written disclosure brochure at the time of the solicitation.

## **Other Economic Benefits**

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In addition, Point Bridge is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

## **Item 15. Custody**

Point Bridge's Agreement and/or the separate agreement with any Financial Institution may authorize Point Bridge through such Financial Institution to debit the client's account for the amount of Point Bridge's fee and to directly remit that management fee to the Firm in accordance with applicable custody rules. The Financial Institutions recommended by the Firm have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Point Bridge. In addition, as discussed in Item 13, Point Bridge may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Point Bridge.

## **Item 16. Investment Discretion**

Point Bridge is given the authority to exercise discretion on behalf of clients. Point Bridge is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Point Bridge is given this authority through a power-of-attorney included in the agreement between Point Bridge and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Point Bridge takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

## **Item 17. Voting Client Securities**

Point Bridge is required to disclose if it accepts authority to vote client securities. Point Bridge does not vote client securities on behalf of its clients. Clients receive proxies directly from the Financial Institutions and may contact the Firm with questions about any such issuer solicitations.

## **Item 18. Financial Information**

Point Bridge is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.