

**Firm Brochure and Supplement**  
(Parts 2A and 2B of Form ADV)

**Pinnacle Investment Management, Inc.**

573 Hopmeadow St.  
Simsbury CT 06070

Phone: 860-651-1716  
Fax: 860-658-1947

Email: [Invest@PinnInvest.com](mailto:Invest@PinnInvest.com)

Website: [www.Pinnacle-Investment.com](http://www.Pinnacle-Investment.com)

This brochure provides information about the qualifications and business practices of PINNACLE INVESTMENT MANAGEMENT INC.

If you have any questions about the contents of this brochure, please contact us at: 860-651-1716, or by email at: [Invest@PinnInvest.com](mailto:Invest@PinnInvest.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

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

**March 31, 2017**

## **Item 2 - Material Changes**

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### **Annual Update**

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

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

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

We have made the following material changes since our March 31, 2016 brochure.

- Page 2, Item 4. We provide information on the number and dollar value of the accounts we managed as of December 31, 2016.
  - Page 4, Item 4. We provide additional information regarding our Retirement Plan Consulting Agreement
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### **Brochure Available**

If you would like to receive a copy of our Firm Brochure, please contact us by telephone at: 860-651-1716 or by email at: [Invest@PinnInvest.com](mailto:Invest@PinnInvest.com)

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## Item 4 - Advisory Business

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### Firm Description

Pinnacle Investment Management, Inc., (“Pinnacle”) was founded in 1991 to provide personalized confidential investment management and financial planning to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Pinnacle is a fee-only, Registered Investment Advisor and operates under the regulations of the Securities and Exchange Commission (SEC)

Pinnacle is a fiduciary, which means that we put our clients’ interests before our own when providing advice and investment management.

Assets under Pinnacle’s management are held in the clients’ name by an independent custodian such as TD Ameritrade and Charles Schwab & Co.. Pinnacle does not act as custodian of client assets but does receive a limited power of attorney (“LPOA”) which enables Pinnacle to make trades but does not provide Pinnacle with custody of client assets except when receiving a fee for its services.

Pinnacle’s Financial Planning advice may encompass one or more of the following areas: investment asset allocation recommendations, retirement planning, insurance needs analysis, tax planning and / or estate planning and is based on the goals and objectives of each individual client.

Pinnacle is a “*fee-only*” investment management and financial planning firm; the only compensation we receive is that paid to us directly by our clients. The firm does not sell products in which it receives a commission, including, insurance, stocks, bonds, mutual funds, annuities, limited partnerships, or any other commissioned product. Nor is it affiliated with entities that sell financial products or securities. Pinnacle does not accept commissions or finder’s fees.

The firm neither prepares tax returns nor offers legal advice but may work with legal and tax professionals engaged directly by our clients.

We may recommend that other professionals such as lawyers, accountants, or insurance agents be engaged directly by the client on an as-needed basis, but do not receive any compensation from them.

In the unlikely event that we encounter conflicts of interest with our clients we will disclose them.

An initial consultation, may be in person or by telephone, and is free of charge. This is considered an exploratory interview for potential clients to learn more about Pinnacle and to determine whether financial planning and / or investment management may be beneficial to them and whether there is a basis for a mutually beneficial relationship.

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### Principal Owners

John W. Eckel is the shareholder.

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### Types of Advisory Services

Pinnacle primarily provides Discretionary Investment Management services (also known as investment supervisory services) and less frequently it provides Non-

Discretionary Investment Management services (investment advisory accounts not involving investment supervisory services).

Clients utilizing Pinnacle's Discretionary Investment Management services provide Pinnacle with the authority to make and implement investment decisions, without consulting with or obtaining client approval prior to the purchase or sale of investments. The majority of Pinnacle's investment management accounts are managed on a discretionary basis.

Non-discretionary Investment Management clients retain the decision of what to buy and when, and what to sell and when. Each investment decision must be approved by the client and Pinnacle is given authority to implement those investment decisions. Only a small minority of Pinnacle's investment management accounts are managed on a non-discretionary basis.

As of December 31, 2016, Pinnacle managed approximately \$182,603,000 in assets in 684 accounts for approximately 250 clients. Approximately \$172,249,000 is managed on a discretionary basis, and \$10,354,000 is managed on a non-discretionary basis.

Pinnacle may also furnish consulting and financial planning advice to its Discretionary Investment Management clients. This may involve retirement planning, tax planning, Social Security planning, estate planning, investment planning, advising on employer retirement plans, insurance planning and / or other financial concerns clients may have. Pinnacle does not provide legal advice nor prepare tax returns.

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### **Tailored Relationships**

Pinnacle will discuss and consider individual risk tolerance, goals and objectives of each Discretionary Investment Management and Financial Planning client and tailor financial planning advice and / or investment management based upon the information provided by each client. The more information each client provides about their specific circumstances and goals, the greater the likelihood that Pinnacle will be able to make the most appropriate recommendations and investment allocations for their specific situation.

It is the Client's responsibility to promptly notify Pinnacle whenever there is a material change in their financial situation or their investment objectives.

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### **Types of Agreements**

The following agreements define the typical client relationships:

- Discretionary Investment Management Agreement.
- Non-Discretionary Investment management Agreement
- Financial Planning Agreement
- Hourly Planning Engagement
- Retirement Plan Consulting Agreement

These agreements are explained in more detail below:

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### **Discretionary Investment Management Agreement**

Client's may engage Pinnacle to manage their investments on a discretionary basis by providing Pinnacle with the authority to make and implement investment decisions, without consulting with or obtaining client approval prior to the purchase or sale of any investment.

Pinnacle considers client objectives, needs and circumstances and risk tolerance that have been provided, as well as the potential return, risk, marketability and liquidity in its investment selection and recommendations. However, investments do fluctuate in value and may potentially be sold at a loss. Further, it may not be possible to liquidate some investments quickly or without penalty. As a result, Pinnacle's investment management is best suited for investors with a long-term time horizon.

Pinnacle invests primarily in open ended no-load mutual funds and exchange-traded funds (ETF's) through accounts held at custodians such as discount brokerage firms and mutual fund companies.

In addition, closed-end funds, individual stocks and bonds, certificates of deposit, or variable annuities may be purchased or sold when appropriate.

Although, they have not been utilized by Pinnacle in its discretionary investment management accounts in the past, other investments may potentially include: warrants, commercial paper, options contracts, futures contracts, and interests in partnerships.

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### **Non-Discretionary Investment Management Agreement**

In a non-discretionary account, the client retains the decision of what to buy and when, and what to sell and when. Each investment decision must be approved by the client and Pinnacle is given authority to implement those investment decisions.

Investments utilized in a non-discretionary account are determined by the client. When investments are selected by the client, Pinnacle does not undertake to review the merits of the investments, monitor the investments or recommend when to sell the investments.

Under a non-discretionary agreement, clients may also ask Pinnacle to recommend investments, and Pinnacle will implement investment recommendations only after approved by the client.

A non-discretionary relationship requires that portfolio transactions be discussed in advance with the client, which may take time. As a result, when Pinnacle recommends investments to non-discretionary investment management clients, comparable transactions will usually be executed for discretionary accounts before those for non-discretionary accounts.

Pinnacle generally only enters into a Non-Discretionary Investment Management Agreement with clients who also have a Discretionary Investment Management or Financial Planning relationship.

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### **Financial Planning Agreement**

Financial Planning is designed to help a client with one or more aspects of retirement planning, insurance planning, estate planning, investment planning and / or tax planning but does not include ongoing investment management after the financial

plan is complete. The focus and scope of financial planning is determined by the specific needs of the individual client.

A financial plan may include, but is not limited to, one or more of the following:

- Investment Planning
- Estate Planning
- Cash Flow and Retirement Planning
- Tax Planning
- Insurance Planning

Each of the financial planning topics are usually presented and discussed separately. The process of gathering, analyzing and presenting findings, projections and plans is done over a period of time and could take a number of months. The length of time will be influenced by how quickly the necessary data can be attained and the client's availability to meet and discuss their objectives, Pinnacle's preliminary findings and the proposed plan.

Pinnacle will not render legal advice nor prepare tax returns. Pinnacle's services are not meant to replace accountants, attorneys or other professionals but rather Pinnacle will work with and complement the client's legal, accounting and other professionals.

Implementation of the financial planning recommendations is at the discretion of the client.

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### **Hourly Planning Engagements**

In unique circumstances Pinnacle may also provide hourly planning or consultation services for clients who need advice on a limited scope. The hourly rate for these engagements is \$245 per hour for Certified Financial Planners (CFP's ®) and Chartered Financial Analysts (CFAs) and \$85 per hour for other staff members.

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### **Retirement Plan Consulting Agreement**

Pinnacle will consult with and provide advice to employers regarding 401(k), 403(b) and other employee retirement plans. Pinnacle will advise employers and help establish and operate the plans and serve in either a fiduciary and / or non-fiduciary capacity. Services that Pinnacle may provide include:

- Guidance on Plan design
- Help in establishing an Investment Policy Statement (IPS)
- Selection and Monitoring Plan investment options
- Recommendation of Third Party Administrator (TPA)
- Help with the conversion of existing plans to new service providers and / or investment options
- Educate employees regarding the Plan and its investment options.

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### **Termination of Agreement**

Both the client and Pinnacle may terminate any of the agreements at any time by sending a 30 day written notice to the other party.

Pinnacle may elect to terminate an agreement when it feels it cannot provide the client with appropriate service or advice such as when a client will not provide pertinent information about their financial situations that is necessary to render sound advice.

In the event of termination, the client will receive a pro-rata refund of any pre-paid investment management fee or financial planning fee. In the event that client's pre-payment was insufficient to cover the actual pro-rated fees, the client is responsible for the pro-rated balance.

## **Item 5 - Fees and Compensation**

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### **Description**

Pinnacle bases its Discretionary and Non-Discretionary Investment Management fees on a percentage of assets under management. The fees vary depending upon the size of the account and range from 0.35% of the gross account value per year (0.0875% per quarter) for balances over \$5 million to 1.5% of the gross account value per year (0.375% per quarter) for balances under \$250,000.

The total values of all accounts for family members residing at the same address are combined to establish the lowest possible billing rate. Fees are paid quarterly in advance, except the first quarter which is paid at the end of the quarter. Under certain situations fees are subject to negotiation and account minimums may be modified based upon certain criteria such as anticipated future additional assets, pre-existing client relationship, pro-bono activities, etc. In that event fees will be determined on a case-by-case basis. Clients generally authorize Pinnacle to directly debit fees from their accounts. Fees are subject to change with 30 days advance notice.

Financial Planning fees are based upon the degree of complexity associated with each client's situation and the needs of the client. We provide a quoted fee based upon the facts known at the start of the engagement. Since financial planning is a discovery process, situations may occur wherein the client is unaware of certain financial exposures or predicaments.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is deemed necessary.

Due to the wide variation in possible Retirement Plan Consulting requirements, Pinnacle does not have a standard consulting fee, but rather will tailor the fee to the specific consulting requirements. Pinnacle does not receive any compensation from any investments or service providers that it may recommend.

Since Pinnacle does benefit from any fees paid to them, there is an inherent conflict of interest when Pinnacle recommends or is asked if potential Clients should utilize their services, such as whether they should rollover a 401(k) or 403(b) at an employer to an IRA for Pinnacle to manage.

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### **Fee Billing**

Investment management fees are billed quarterly, in *advance* meaning that Pinnacle will invoice the client at the *beginning* of the three-month billing period. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing, with client consent.

Fees for financial plans are billed partially in advance with additional progress payments during work on the plan and the balance due upon delivery of the financial plan.

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, exchange-traded funds and individual securities and Pinnacle does not receive any portion of those fees. These transaction charges are usually small and incidental to the purchase or sale of a security. It is Pinnacle's practice to request that Custodians waive transaction fees during an initial period after the account is opened. Although Custodians have often honored the request in the past, the decision is entirely theirs and there is no guarantee that they will do so in the future.

In most cases the selection of the investment is more important than the fee that the custodian may charge to buy or sell the security. We do take all fees into consideration when making our investment decisions.

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### **Mutual Fund Expenses**

Mutual funds may directly or indirectly charge their shareholders a variety of fees including operating expenses for managing the investments, 12b-1 fees for advertising and distribution, and sales charges (loads).

These costs and fees are incurred by shareholders in the funds whether or not Pinnacle Investment Management Inc. is managing the investments and are totally independent of Pinnacle's fees. Pinnacle does not benefit from these fees in any way and does take all costs into consideration before making mutual fund investments and recommendations.

In addition Pinnacle has access to some "institutional" class of shares which have lower operating expenses than the "retail" class of shares. Pinnacle may also be able to purchase some "load" funds without paying the "load".

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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## **Item 6 - Performance-Based Fees**

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### **Sharing of Capital Gains**

Pinnacle's fees are not based on the amount of the gain or capital appreciation of the investments.

Pinnacle does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## Item 7 - Types of Clients

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### Description

Pinnacle provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Client relationships vary in scope and length of service but are generally long term relationships.

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### Account Minimums

The minimum account size of a Discretionary Investment Management client is \$500,000 of assets under management. For the purposes of determining whether a client meets this minimum, Pinnacle considers the combined total of accounts for all family members at the same residence.

Pinnacle has the discretion to waive the account minimum when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to the minimum within a reasonable time. Other exceptions will apply to employees of Pinnacle and their relatives, or relatives of existing clients.

Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

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

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### Methods of Analysis

Security analysis methods may include fundamental analysis and technical analysis.

Sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, newsletters, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

In addition Pinnacle may use Morningstar stock and mutual fund information and a variety of services that provide stock and mutual fund pricing and volume information.

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### Investment Strategies

Pinnacle develops and maintains a globally diversified investment portfolio for each Discretionary Investment Management client. The specific investment strategy for an individual client is based upon the objectives stated by the client during consultations as well as the results of a risk tolerance questionnaire completed by the client. The client may change their objectives at any time, and if they do, it is their responsibility to communicate any changes to Pinnacle.

If one asset class appreciates or depreciates significantly compared to others, Pinnacle will “rebalance”, by selling or buying those asset classes to bring them back into “tolerance” bands.

Pinnacle may also decide to allocate more to asset classes it believes are undervalued and / or to allocate less to asset classes that it believes are overvalued or subject to greater risk. It is not Pinnacle’s intent to do this frequently, and when it

is done, Pinnacle will try to maintain a globally diversified portfolio to whatever extent is possible.

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### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. While we do keep the risk of loss in mind in our investment decisions and recommendations, it is important for investors to recognize that risks they face include the following:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** Prices of securities such as stocks, bonds, and mutual funds may drop in reaction to a variety of events and conditions. This risk is caused by external factors which may be independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, US Treasury bills are highly liquid, while individual real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and / or a declining market value.

## **Item 9 - Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have **not** been involved in legal or disciplinary events related to past or present investment clients.

## **Item 10 - Other Financial Industry Activities and Affiliations**

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### **Financial Industry Activities**

Pinnacle is NOT registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

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### **Affiliations**

Pinnacle participates in the advisor / institutional services programs at the following brokers:

- TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA / SIPC/NFA. TD Ameritrade is an unaffiliated SEC-registered broker-dealer and FINRA member
- Charles Schwab & Co. ("Charles Schwab"), member NYSE / SIPC

These firms are independent and unaffiliated SEC-registered broker-dealers and their institutional services programs offer a variety of services to independently registered investment advisers and their personnel. The services which may be provided to Pinnacle do not depend on the amount of brokerage transactions directed to TD Ameritrade or Charles Schwab and may include custody of securities, trade execution, clearance and settlement of transactions. Pinnacle and / or its employees may receive some benefits through its participation in these advisor / institutional service programs such as discounted or free attendance at conferences and educational meetings from product sponsors.

As a result of its participation in the advisor / institutional services programs at TD Ameritrade, and / or Charles Schwab, Pinnacle may receive discounts on technology, practice management, compliance and other products or services provided to Pinnacle by third party vendors. TD Ameritrade and Charles Schwab may also provide Pinnacle with free or discounted computer software, electronic transmission of data, duplicate copies of client statements and confirmations, research related products and tools and consulting services. The software and electronic transmission of data provides Pinnacle with the ability to receive quotes, place orders, receive trade confirmations, and access client account balances by computer. Pinnacle uses the software and electronic transmission of data to service all its clients which have accounts with the Broker providing the software and data transmission. Pinnacle's use of free or discounted software, electronic transmission of data and other services may raise potential conflicts of interest. Pinnacle may be more likely to suggest that their advisory clients utilize a broker who provides the free or discounted computer software and electronic transmission of data rather than a broker who either does not offer them or who does not provide them free or at a discount to Pinnacle.

As a result of its participation in TD Ameritrade's and Charles Schwab's institutional customer programs and Pinnacle may recommend TD Ameritrade or Charles Schwab to Clients for custody and brokerage services. There is no direct link between Pinnacle's participation in these programs and the investment advice it gives to its Clients, although Pinnacle receives economic benefits through its participation in the program that are typically not available to the retail investors of these firms.

Pinnacle may also receive research on an ongoing basis from brokerage firms that maintain client accounts. That research is reviewed and absorbed into a policy and strategy that is used to service all of Pinnacle's clients.

Some of the products and services made available by TD Ameritrade and / or Charles Schwab may benefit Pinnacle but may not benefit its client accounts. These products or services may assist Pinnacle in managing and administering client accounts, including accounts not maintained at TD Ameritrade or Charles Schwab. Other services made available by TD Ameritrade / and or Charles Schwab are intended to help Pinnacle manage and further develop its business enterprise. Also TD Ameritrade and / or Charles Schwab may pay for business consulting and professionals services received by Pinnacle or its employees.

These benefits received by Pinnacle or its associated persons may raise potential conflicts of interest. Pinnacle may be more likely to suggest that their advisory clients utilize a broker which arranges for discounts on products or services provided by third party vendors than a broker which does not.

Pinnacle does not receive fees from any mutual fund or broker. Occasionally representatives of Pinnacle may attend professional conferences, whose primary purpose is educational in nature, in which expenses of attending the conference, transportation to the conference, lodging and meals at the conference, and/or events associated with the conference may be paid partially or entirely by mutual funds, publicly traded corporations or brokers.

Pinnacle considers a number of factors in recommending custodians including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided.

In recommending TD Ameritrade as custodian for certain of its current and future client accounts, Pinnacle may take into consideration its arrangement with TD Ameritrade as to obtaining price discounts for TD Ameritrade's portfolio management and rebalancing technology for advisors known as "iRebal". The standard iRebal annual license fee applicable to Pinnacle is \$20,000. That fee may be subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade platform will bring fee reductions of up to \$20,000 per year for each of as many as three years or more. The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs). If Pinnacle does not maintain the relevant level of taxable assets on the TD Ameritrade platform, Pinnacle is required to make a full or pro-rata fee payment to TD Ameritrade.

Although Pinnacle believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect Adviser's independent judgment in recommending TD Ameritrade as the custodian for client accounts

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

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### **Code of Ethics**

Each Pinnacle employee has agreed to and signed a Code of Ethics.

This code sets forth standards of business conduct required of all employees that recognizes their fiduciary obligation to each client and that mandates honest and ethical conduct at all times. Pinnacle recognizes that it has a duty of utmost good faith to act solely in the best interest of clients.

The Code of Ethics also includes provisions relating to the confidentiality of client information and prohibits disclosure of confidential client information unless the client has expressly authorized that disclosure.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Participation or Interest in Client Transactions**

Pinnacle and its employees may buy or sell securities that are also held by clients but employees may not trade their own securities ahead of client trades.

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### **Personal Trading**

John J. Flanagan is the Chief Compliance Officer of Pinnacle. Each quarter he reviews the personal trades of employees who have access to nonpublic information regarding clients' purchase or sale of securities, or is involved in, or has access to securities recommendations to clients. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential or equal treatment in their trades compared to employees of the firm. Since most employee trades are relatively small or are investments in mutual funds, we do not expect employee trades to affect the securities markets.

## **Item 12 - Brokerage Practices**

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### **Selecting Brokerage Firms**

Pinnacle does NOT have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. Pinnacle recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable fees.

Pinnacle recommends discount brokerage firms (qualified custodians), such as TD Ameritrade and Charles Schwab & Co. Whenever possible Pinnacle will negotiate on behalf of our clients for lower fees from the custodians we recommend.

Pinnacle does NOT receive fees or commissions from any of these arrangements, but may receive other benefits as discussed above under "Affiliations".

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### **Best Execution**

Pinnacle reviews the execution of trades and trading fees at each custodian at least annually. The review is documented in the Pinnacle *Compliance Manual*. Pinnacle does not receive any portion of the trading fees charged by custodians.

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**Soft Dollars**

Pinnacle does not receive “soft dollar” credits from the custodians, but may receive other benefits from TD Ameritrade and Charles Schwab & Co. as discussed in Item 10 under “Affiliations”

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**Order Aggregation**

Most of Pinnacle’s trades are mutual funds, exchange-traded funds and stocks where the brokerage firms do not provide any benefit to the client for trade aggregation.

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**Item 13 - Review of Accounts**

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**Periodic Reviews**

Discretionary Investment Management account reviews are performed at least quarterly by advisors John Eckel, CFP, CFA, President, John Flanagan, CFP, Senior Vice President and / or John Shanley, CFP.. Account reviews are performed more frequently when market conditions dictate.

Non-Discretionary Investment Management accounts and investments made at the request of clients are not reviewed with any established frequency. Whenever a client directs Pinnacle to purchase a security in any of their accounts, it is the client’s responsibility to monitor that investment and to determine when to sell it.

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**Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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**Regular Reports**

Investment Management clients receive monthly statements from the custodian and quarterly statements from Pinnacle.

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

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**Incoming Referrals**

Pinnacle has been fortunate to receive referrals over the years from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate these referring parties for these referrals.

Pinnacle had previously entered into an agreement with TD Ameritrade Securities Inc., an independent and unaffiliated broker-dealer (“TD Ameritrade”), a subsidiary of TD Ameritrade Holdings Corp. (“TD Ameritrade”) to participate in TD Ameritrade’s AdvisorDirect (“the Service”), an advisor referral service designed to help investors find an independent personal Investment Manager. Pinnacle no longer participates in or receives referrals from the AdvisorDirect Service, but is obligated under the original agreement to make certain payments to TD Ameritrade for referrals that they previously made.

Pinnacle had previously entered into an agreement with Investment & Financial Counselors, LLC in which that firm referred potential clients to Pinnacle. Pinnacle no

longer receives referrals under that Agreement, but remains obligated to make certain payments to Investment & Financial Counselors LLC for referrals that they previously made.

Although it currently does not do so, Pinnacle has in the past, and may in the future, pay a fee to be listed on web sites. Those web sites do not receive any additional fees if prospective clients decide to become clients of Pinnacle.

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**Referrals Out**

Pinnacle does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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**Other Compensation**

*None*

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**Item 15 - Custody**

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**Account Statements**

All assets are held at “qualified custodians” selected by each client. “Qualified” means the custodians provide account statements directly to clients at their address of record at least quarterly.

Clients are urged to compare the account statements received directly from their custodians to the quarterly statements provided by Pinnacle.

Custodian statements generally are prepared using “cash accounting” which means that their statements may not reflect dividends or distributions which have been earned but not yet received. It is Pinnacle’s goal that their own statements accurately reflect the true economic value of client investments and generally reflect dividends and distributions that have been earned even if not yet received.

Occasionally this leads to small differences between statements issued by the custodian and statements issued by Pinnacle.

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**Net Worth Statements**

Financial Planning clients may be provided net worth statements. Net worth statements contain approximations of bank account balances and values of other investment provided by the client, as well as the value of land and hard-to-price real estate. Pinnacle does not verify values of assets or accounts that have been provided by clients. Net worth statements are used for long-term financial planning where the exact values of assets may be not be material to the financial planning tasks and recommendations, but material errors in information that clients provide to Pinnacle could result in inappropriate or erroneous financial planning recommendations.

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**Item 16 - Investment Discretion**

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**Discretionary Authority for Trading**

In a Discretionary Investment Management agreement, Pinnacle has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Discretionary trading

authority facilitates placing trades and enables us to promptly implement investment decisions.

In a Non-Discretionary Investment Management relationship Pinnacle consults with the client prior to each trade to obtain concurrence.

The client approves the custodian to be used. Custodians may charge various transaction fees which are paid by the Client. Pinnacle does not receive any portion of the transaction fees.

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**Limited Power of Attorney**

Investment Management client's provide Pinnacle with a limited power of attorney so that we may execute trades in their accounts.

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**Item 17 - Voting Client Securities**

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**Proxy Votes**

Pinnacle does not vote proxies on securities and clients are able to vote their own proxies if they desire.

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**Item 18 - Financial Information**

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**Financial Condition**

Pinnacle does not believe it has any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Pinnacle does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## Brochure Supplement (Part 2B of Form ADV)

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### Employee Education and Business Standards

Pinnacle requires that its advisors have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning, or ten years of experience working for a Registered Investment Advisory Firm, a Broker-Dealer or a bank Trust Department and have satisfied the requirements of all necessary regulatory authorities such as the appropriate State Banking or Securities department.. Examples of acceptable coursework include: a CFP®, a CFA, CIMA, MBA, JD, or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

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### Professional Certifications

Some of Pinnacle's advisors have earned the following professional designations, which are explained below:

Certified Financial Planner (CFP®): Certified Financial Planners are licensed by the CFP Board to use the CFP® mark. CFP certification requirements include:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements include:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

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## **John W. Eckel, CFP®, CFA – Educational Background and Business Experience**

### **Educational Background:**

- Date of birth: 1944
- Mr. Eckel received his Masters of Business Administration (MBA) degree from the University of Virginia in June 1968
- Mr. Eckel received his Bachelor of Science (BS) degree from Cornell University in June 1966

### **Business Experience:**

- Mr. Eckel has been President of Pinnacle Investment Management since 1991.
- Immediately prior to founding Pinnacle Mr. Eckel was a Vice President of Highline Financial Services Inc., a subsidiary of Xerox Credit.
- Mr. Eckel was commissioned a lieutenant in the US Army in 1968 and served on active duty in the United States and in Southeast Asia from 1968 to 1970
- Mr. Eckel was awarded the Chartered Financial Analyst (CFA) designation in 1994.
- Mr. Eckel received the Certified Financial Planner (CFP ®) designation in 1995.
- Mr. Eckel served as a part-time adjunct faculty member and taught financial management courses to MBA students at Babson College and RPI / Hartford Graduate Center from 1977 to 1980
- Mr. Eckel has served on the Board of Directors of the Connecticut Valley Chapter of the Financial Planning Association and its predecessor, the International Association of Financial Planners since 1998 and has served as its President.
- Mr. Eckel served on the Board of Directors of the Estate and Business Planning Council of Hartford from 2004-2006

### **Professional Organization memberships include:**

- Financial Planning Association
- Estate and Business Planning Council of Hartford
- Hartford Society of CFA's
- The Aegis Group

### **Disciplinary Information:**

- Mr. Eckel has never been the subject of a disciplinary proceeding.

### **Other Business Activities: None**

### **Additional Compensation:**

- None. No one other than Pinnacle and its clients provides Mr. Eckel with an economic benefit (such as a sales award or other prize) for providing advisory services.

### **Supervision:**

John W. Eckel is President of Pinnacle and responsible for its policies and procedures.  
Mr. Eckel can be reached at 860-651-1716

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## **John J. Flanagan, CFP ® - Educational Background and Business Experience**

### **Educational Background:**

- Date of birth: 1967
- Mr. Flanagan received his Bachelor of Science (BS) degree from St. Bonaventure University in June 1991

### **Business Experience:**

- Mr. Flanagan has been Senior Vice President at Pinnacle since 2012
- Mr. Flanagan was previously Vice President at Pinnacle from 2001 to 2012
- From 1994 to 2001 Mr. Flanagan held several positions, including Branch Manager, at TD Ameritrade and its predecessors (Waterhouse Securities and TD Waterhouse)
- Mr. Flanagan received the Certified Financial Planner (CFP ®) designation in 1998

### **Disciplinary Information:**

- Mr. Flanagan has never been the subject of a disciplinary proceeding.

### **Other Business Activities:**

- None

### **Additional Compensation:**

- None. No one other than Pinnacle and its clients provides Mr. Flanagan with an economic benefit (such as a sales award or other prize) for providing advisory services.

### **Supervision:**

Mr. Flanagan is the Chief Compliance Officer of Pinnacle and works for and is supervised by John W. Eckel, President of Pinnacle. He reviews Mr. Flanagan's work through frequent office interactions

Mr. Eckel can be reached at 860-651-1716

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## **John J. Shanley, CFP® - Educational Background and Business Experience**

### **Educational Background:**

- Date of birth: 1988
- Mr. Shanley received his Bachelor of Arts (BA) degree from Fordham University in June of 2010

### **Business Experience:**

- Mr. Shanley has been a Financial Advisor with Pinnacle beginning in 2015
- Mr. Shanley was previously Financial Consultant with Fidelity Investments from 2014 to 2015.
- From 2011 to 2014 Mr. Shanley held two other positions at Fidelity Investments. First as a Financial Representative and then as Investment Representative.
- Mr. Shanley received the Certified Financial Planner (CFP®) designation in 2014

### **Disciplinary Information:**

- Mr. Shanley has never been the subject of a disciplinary proceeding.

### **Other Business Activities:**

- None

### **Additional Compensation:**

- None. No one other than Pinnacle and its clients provides Mr. Shanley with an economic benefit (such as a sales award or other prize) for providing advisory services.

### **Supervision:**

- Mr. Shanley is a Financial Advisor at Pinnacle and works for and is supervised by John J. Flanagan, Senior Vice-President of Pinnacle. He reviews Mr. Shanley's work through frequent office interactions. Mr. Flanagan can be reached at 860-651-1716