



# Firethorn Wealth Partners, LLC

A Registered Investment Adviser

Disclosure Brochure  
July 2019

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This brochure provides information about the qualifications and business practices of Firethorn Wealth Partners, LLC ("Firethorn"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. For compliance specific requests, please call (971) 371-3450. 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 the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, Firethorn Wealth Partners, LLC is required to discuss any material changes that have been made to the brochure since the last annual amendment.

Firethorn has updated information about regulatory assets under management.

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## Item 4. Advisory Business

The Firm offers discretionary investment management and investment advisory services. Prior to the Firm rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with the Firm setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Firethorn Wealth Partners, LLC (“Firethorn” or the “Firm”) has been registered as an investment adviser since 2018 and is owned by Scott Benjamin, Kevin Sweeney and Gerald Rogers. Firethorn’s assets under management were \$ 206,979,097 as of the time of this filing (July 5, 2019).

While this brochure generally describes the business of the Firm, 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 the Firm’s behalf and is subject to the Firm’s supervision or control.

### **Investment Management Services**

Firethorn offers clients a broad range of financial planning and consulting services, which may include any of all of the following functions: Business Planning, Cash Flow Forecasting, Trust and Estate Planning, Financial Reporting, Investment Consulting, Insurance Planning, Retirement Planning, Risk Management, Charitable Giving, Distribution Planning, Tax Planning, and Manager Due Diligence.

In performing these services, the Firm is not required to verify any information received from the client or from the client’s other professionals (e.g. attorneys, accounts, etc.) and is expressly authorized to rely on such information. The Firm may recommend clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents or register representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if client engages Firm or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by the Firm under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising the Firm’s recommendations and/or services.

### **Wealth Management Services**

Firethorn provides clients with wealth management services which may include a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios.

Firethorn Wealth Partners primarily allocates client assets among various mutual funds, exchange-traded funds (“ETFs”), individual debt and equity securities, options and independent investment managers (“Independent Managers”) in accordance with their stated investment objectives. In addition, Firethorn may also recommend that certain eligible clients invest structured products, as well as in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). When appropriate and fully disclosed, Firethorn may recommend investment products which require longer-term commitments from its clients. Firethorn shall provide continuous monitoring of such investments to include annual due diligence, performance tracking, amendment processing, and capital call assistance.

Where appropriate, Firethorn may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage Firethorn to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e. 529 plans). In these situations, Firethorn directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

The Firm tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. The Firm consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify the Firm 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 the Firm 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.

#### **Retirement Plan Consulting Services**

Firethorn provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include any or all of the following services: Plan Design and Strategy, Plan Review and Evaluation, Executive Planning & Benefits, Investment Selection, Plan Fee and Cost Analysis, Plan Committee Consultation, Fiduciary and Compliance, and Participant Education.

As disclosed in the Firethorn Advisory Agreement, certain of the foregoing services are provided by Firethorn as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Firethorn's fiduciary status, the specific services to be rendered and all direct and indirect compensation that Firethorn reasonably expects under the engagement.

#### **Use of Independent Managers**

The Firm 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 may be set forth in a separate written agreement with the designated Independent Managers engaged to manage their assets.

The Firm evaluates a variety of information about Independent Managers, 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. The Firm also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

The Firm 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. The Firm seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

**Sub-Manager Limited Discretion**

For certain client assets, Firethorn Wealth Partners outsources a portion of the investment management to United Capital Financial Advisers, LLC (“United Capital”), an investment adviser not affiliated with Firethorn Wealth Partners, who serves as sub-adviser (“Sub-Manager”). United Capital is granted limited discretionary investment authority over assets that Firethorn Wealth Partners assigns to United Capital. For the assets directed to Sub-Manager for services, its responsibility includes the authority to:

- exercise discretion to determine the types of securities bought and sold, along with the percentage allocation
- apply its discretion as to when to buy and sell
- apply its discretion as to the timing of transactions
- select the broker-dealer for execution of securities transactions, if appropriate, and
- take other portfolio management actions Firethorn Wealth Partners delegates or deems appropriate

Any authority of United Capital only applies to the specific assets, within the Client’s custodial account, for which United Capital has been appointed as the discretionary manager. United Capital shall not provide investment advice, or have any advisory responsibility to the Client, beyond the assets for which it is appointed as Sub-Manager. The terms of services provided by United Capital are directed in accordance with a separate written agreement entered into between the Firethorn Wealth Partners and United Capital. United Capital also provides separate non-fiduciary services to Firethorn Wealth Partners under its division FinLife Partners, as described below in the FinLife Partners Service Offering section.

Firethorn Wealth Partners has a financial incentive to refer Clients to United Capital rather than manage the assets on its own or refer them to another adviser, creating a conflict of interest. When Firethorn Wealth Partners refers clients to United Capital for Sub-Manager services it receives various incentives, including:

- Certain technology implementation fees incurred by Firethorn Wealth Partners in connection with Firethorn Wealth Partners’ use of FinLife Partners’ technology solutions will be reduced if a predetermined number of Firethorn Wealth Partners’ clients subscribe to Firethorn Wealth Partners’ guidance services that utilize such technology solutions and United Capital’s Sub-Manager services.
- If Firethorn Wealth Partners does not utilize predetermined threshold volume of Sub-Manager services or technology solutions offered by United Capital or FinLife Partners, as applicable, then the relationship with United Capital and its FinLife Partners division may be terminated.

To address this conflict, if the Client does not want to invest their assets with United Capital as the Sub-Manager or receive Firethorn Wealth Partners’ financial guidance services that require access to the FinLife platform, the Client may discuss alternative options with Firethorn Wealth Partners.

**Outsourcing of Certain Investment Operations**

Firethorn Wealth Partners works with various third party service providers, including, among others, Orion, Inc., to help support the operational needs of managing and servicing Client accounts. Authority provided to the outsourced service providers may include, but is not limited to placing transactions with broker-dealers at the direction of Firethorn Wealth Partners, opening accounts with Client’s account custodian, and facilitating operational requests on the Client’s behalf based on instructions provided by associated persons of Firethorn Wealth Partners. When providing these services, the third party service provider is acting as an agent of Firethorn Wealth Partners.

**FinLife Partners Service Offering**

In an effort to enhance the quality and breadth of services that Firethorn Wealth Partners provides to its Clients, Firethorn Wealth Partners utilizes a suite of digitally powered technology solution offered by FinLife Partners, a division of United Capital Financial Advisers, LLC ("FinLife Partners"). FinLife Partners provide access to its technology platform to the Firethorn Wealth Partners that includes use of certain technology platform, training relating to use of such technology platform, and if elected by Firethorn Wealth Partners certain clerical document and data compilation services. FinLife Partners is not in any way involved in, or responsible for, the individual investment management or guidance provided to Firethorn Wealth Partners' clients. The Firethorn Wealth Partners pays FinLife Partners a flat fee for its technology implementation services and fees calculated per percentage-basis formula in accordance with the volume of clients for whom Firethorn Wealth Partners utilizes such services and/or products. As such, for certain services offered, Clients indirectly contribute to the payment of cost of services paid to FinLife Partners. Relating to the cost for services, Firethorn Wealth Partners is financially incentivized to refer clients to United Capital, creating a conflict of interest. Financial incentives are described in the Sub-Manager Limited Discretion section described above.

**Item 5. Fees and Compensation**

The Firm offers services on a fee basis, which may include fixed and/or hourly fees, as well as fees based upon assets under management or advisement. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, may offer insurance products under a separate commission-based arrangement.

**Investment Management Fees**

Firethorn offers wealth management services (which includes financial planning, consulting, reporting, due diligence, and investment management services) for an annual fee based on the amount of assets under management. This management fee is generally a range of 0.50% - 1.25%.

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by the Firm 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 interim 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 outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), the Firm may negotiate a fee rate that differs from the range set forth above.

**Fee Discretion**

The Firm may, in its sole discretion, 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 the Firm, clients may also incur certain charges imposed by other third

parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, reporting charges, margin costs, 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. In addition, fees charged by the Independent Managers are charged to the clients separately. The Firm’s brokerage practices are described at length in Item 12, below.

**Direct Fee Debit**

Clients generally provide the Firm and/or the Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to the Firm.

**Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to available liquidity and the Firm’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 declines to accept particular securities into a client’s account. Clients may withdraw account assets on notice to the Firm, subject to the usual and customary securities settlement procedures as well as any liquidity restraints in the event a portion of the portfolio is invested in less liquid products. The Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. The Firm 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, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

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

Firethorn may recommend that clients invest assets in products that pay performance-based fees to their managers. Firethorn 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), and does not receive any of the performance-based fees that may be earned by the managers of the products it recommends.

**Item 7. Types of Clients**

Firethorn offers investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

**Minimum Account Requirements**

The Firm 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 billing practices from the Firm. In these instances, the Firm 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**

Asset allocation, when combined with successful implementation, discipline and manager selection, is critical when striving to meet both long and short-term investment objectives. We believe asset allocation to be essential to reducing overall portfolio risk and volatility. Adhering to our clients' individual investment objectives, Firethorn works to design custom portfolios using a variety of traditional and alternative asset categories.

Firethorn works directly with top-tier industry service providers to perform both qualitative and quantitative analytics on each of our investment managers and their products. The Firm uses only managers and products that have been fully vetted and have met the high standards of our Investment Committee. The result of this thorough research and analytical process allows Firethorn to build portfolios using diversified investment manager products.

### **Investment Strategies**

Investment strategies employed are varied and are highly dependent upon the specific needs and investment objectives of each Firethorn Wealth Partners client. The Firm will make use of an Investment Committee that will carefully examine both the risks and potential outcomes of each investment made on behalf of each client.

Firethorn Wealth Partners will utilize traditional strategies using both traditional investment products such as stocks, bond, ETFs and mutual funds, but will also take advantage of the unique characteristics offered through alternative investments such as structured products, fund of funds, limited partnerships, private equity and other products that present the opportunity to hedge client portfolios in down markets as well as make critical use of non-correlated asset classes.

Firethorn Wealth Partners will also provide a variety of investment models created with unique investment objectives that will serve to meet clients' investment needs in ways that seek to be both cost-effective and efficient to manage.

### **Risk of Loss**

- **Market Risks**

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Firethorn's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that Firethorn will be able to predict those price movements accurately or capitalize on any such assumptions.

- **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 potentially 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, Firethorn may select certain Independent Managers to manage a portion of its clients' assets. In these situations, Firethorn continues to conduct 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, Firethorn generally may not have the ability to supervise the Independent Managers on a day-to-day basis.
- **Use of Private Collective Investment Vehicles**  
Firethorn recommends 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/or other 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.
- **Options**  
Options allow investors to buy or sell a security at a contracted "strike" price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying

security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

- **Real Estate Investment Trusts (REITs)**  
Firethorn Wealth Partners 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.
- **Exchange-Traded Notes (ETNs)**  
Firethorn may recommend an investment in, or allocate assets among, various exchange- traded notes (“ETNs”). ETNs are unsecured debt securities which are listed on securities exchanges and transacted at negotiated prices in the secondary market. ETNs are designed to track the performance of a corresponding benchmark. An ETN is essentially a contract between an issuer and the ETN holder, whereby the issuer, upon maturity, agrees to pay an amount relative to the returns of the underlying benchmark. In addition to the risks associated with the specific benchmark, ETN holders are also subject to various counterparty concerns. In this respect, the value of an ETN may be adversely impacted by a downgrade to the issuer’s credit rating and/or an unwillingness or inability of the issuer to perform its contractual obligations.
- **Liquidity**  
Firethorn may recommend investments intended for longer-term investment, such as private real estate opportunities. These types of investments may be less liquid, meaning funds may not be readily available for withdrawal by the client. The risk of illiquidity shall be measured against the potential return of the product and the position size as well as the client’s investment specific return and investment objectives to ensure the risk is appropriate.
- **Use of Margin**  
While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally affected using capital borrowed from a Financial Institution, which is secured by a client’s holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client’s outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client’s borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client’s portfolio.
- **Structured Products**  
Firethorn may recommend an investment in, or allocate assets among, various structured products. Structured products are unsecured obligations of an issuer with a return, generally paid at maturity, which is linked to the performance of an underlying asset. In addition to the risks that apply to all investments in securities, investing in structured products may involve different types of risk and possibly greater levels of risk. These risks include, but are not limited to the following:

- a. Issuer credit risk. A structured product is an unsecured obligation of the applicable issuer. Any payment on a structured product, including any repayment of principal, is subject to the creditworthiness of the issuer. If the issuer becomes bankrupt or is unable to pay its obligations as they come due, you may lose some or all of your investment.
- b. Risk of loss. Many structured products subject you to the downside market risk of the underlying asset. Depending on the product, you may lose some or all of your investment if the underlying asset declines in value. In addition, if we decide to sell a structured product before it matures, you may lose some or all of your investment, regardless of any market risk reduction feature the product may offer.
- c. Potential returns may be limited. Potential returns on a structured product may be limited. You may not participate in the growth potential of the underlying asset beyond a certain limit or at all.
- d. Performance before maturity. In addition to the performance of the underlying asset, structured product fees and market factors, such as fluctuations in interest rates, that influence the price of bonds and options generally will also affect the value of a structured product before it matures. Therefore, the value of a structured product before it matures may be more or less than its initial price and may be substantially different than the payment expected at maturity. A structured product must be held to maturity to receive the stated payout from the issuer, including any repayment of principal.
- e. No guarantee of liquidity. Structured products are generally not listed on any exchange. A secondary trading market for a structured product may not develop. Typically, any available liquidity is provided by the issuer as a service to investors, but the issuer is not obligated to provide a secondary market. As a result, we may not be able to sell the structured product before it matures. If we are able to sell a structured product in the secondary market, it may be at a significant discount. With that in mind, you should be prepared to hold your structured product to maturity.
- f. Potential conflicts. The issuer of a structured product and its affiliates may play a variety of roles in connection with the structured product, including acting as calculation agent and hedging the issuer's obligations under the structured product. In performing these duties, the economic interests of the calculation agent and other affiliates of the issuer may be adverse to your interests as an investor in the structured product.
- g. Taxation. The tax treatment of a structured product may be very different than that of a traditional investment or of the underlying asset. Significant aspects of the tax treatment of a structured product may be uncertain.

## Item 9. Disciplinary Information

The Firm 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. The Supervised Persons providing services through Firethorn do not have any other activities or affiliations

to disclose.

## Item 11. Code of Ethics

The Firm 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. The Firm'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 the Firm's personnel 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 fair and equitable manner that is 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 certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under 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 Supervised Person will access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised 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 the Firm to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### **Recommendation of Broker/Dealers for Client Transactions**

The Firm generally recommends that clients utilize the custody, brokerage and clearing services of Fidelity (the "Custodian") for investment management accounts.

Factors which the Firm considers in recommending the Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The Custodian may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by the Custodian may be higher or lower than those charged by other Financial Institutions.

The commissions paid by the Firm's clients to the Custodian 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 the Firm 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. The Firm seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the client may be required to sign an additional agreement and additional fees are likely to be charged.

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 the Firm 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 the Firm does not have to produce or pay for the products or services.

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

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

The Firm may receive without cost from Fidelity computer software and related systems support, which allow the Firm to better monitor client accounts maintained at Fidelity. The Firm may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Fidelity. 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 the Firm, but not its clients directly. In fulfilling its duties to its clients, the Firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the Firm's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, the Firm may receive the following benefits from Fidelity:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- 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.

#### **Brokerage for Client Referrals**

The Firm does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

#### **Directed Brokerage**

The client may direct the Firm 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 the Firm (as described above). 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, the Firm 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.

**Trade Aggregation**

Transactions for each client generally will be effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. The Firm 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 the Firm’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 the Firm’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm’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. The Firm 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, the Firm 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.

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”), member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

## Item 13. Review of Accounts

### **Account Reviews**

The Firm monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm's Investment Committee and/or investment adviser representatives and are intended to fulfil the Firm's fiduciary obligations to their advisory clients. All advisory clients are encouraged to discuss their needs, goals and objectives with Firethorn and to keep the Firm informed of any changes thereto. Firethorn contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial and/or investment objectives.

### **Account Statements and Reports**

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 the Firm 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 any documents or reports they receive from the Firm or an outside service provider.

## Item 14. Client Referrals and Other Compensation

As disclosed under Item 12, above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. 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; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.



**Client Referrals**

The Firm may provide compensation to third-party solicitors for client referrals. In the event a client is introduced to the Firm by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from the Firm'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 is required to provide the client with the Firm's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of the Firm is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

**Item 15. Custody**

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize the Firm and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the 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 the Firm. Additionally, the Firm has the ability to disburse or transfer certain client funds pursuant to Standing Letters of Authorization executed by clients.

In addition, as discussed in Item 13, the Firm 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 the Firm.

**Item 16. Investment Discretion**

The Firm may be given the authority to exercise discretion on behalf of clients. The Firm is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. The Firm is given this authority through a power-of-attorney included in the agreement between the Firm and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). The Firm 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 terminated.

**Item 17. Voting Client Securities****Declination of Proxy Voting Authority**

It is the Firm's policy not to accept voting authority over any client's proxies.

## Item 18. Financial Information

The Firm is not required to disclose any financial information 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.