

# **POINTE CAPITAL MANAGEMENT LLC**

## **FORM ADV 2A CLIENT BROCHURE**

This Brochure provides information about the qualifications and business practices of Pointe Capital Management LLC. If you have any questions about the contents of this Brochure, please contact us at (313) 882-7100 or via email directly to the Chief Compliance Officer at [paul@pointecapital.com](mailto:paul@pointecapital.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training. Additional information about Pointe Capital Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Pointe Capital Management's SEC number is: 801-70983  
and the firm's CRD number is: 152520

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April 11, 2019

## ITEM 2: MATERIAL CHANGES

Registered Investment Advisers are required to amend the information contained in their Forms ADV 1 and ADV 2A Brochures according to the following schedule: 1) Promptly throughout the year as changes occur and; 2) No less than annually, within 90 days of the Adviser's fiscal year end.

Pointe Capital Management LLC (Pointe Capital Management) updated this Form ADV 2A Brochure and filed it with the United States Securities and Exchange Commission (SEC) on March 27, 2019 to report its fiscal year end assets under management and on April 11, 2019 to update business information as follows:

- Item 4.E has been updated to reflect Pointe Capital Management's fiscal year end assets under management as of the close of business 12/31/2018. At that time, these assets totaled \$196,006,000 in 360 accounts.
- Item 8.A(4) was amended to reflect a new name for an existing investment strategy: The MLP/ Infrastructure Strategy.

The staff of Pointe Capital Management enjoys hearing from our clients. If you have questions or would like additional information about our services, please do not hesitate to contact us at (313) 882-7100, or via email to [paul@pointecapital.com](mailto:paul@pointecapital.com).

Thank you.

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## ITEM 4: ADVISORY BUSINESS

### A. DESCRIPTION OF THE ADVISORY FIRM.

Pointe Capital Management LLC (“Pointe Capital Management”, “PCM” or “Adviser”) has been in the investment advisory business since February 2010 when the Adviser was initially registered with the United States Securities and Exchange Commission (“SEC”) and notice filed in Michigan and various other jurisdictions. The Adviser has no affiliated entities.

Pointe Capital Management is headquartered in Grosse Pointe Farms, Michigan. Charles Huebner, Paul Huebner and Jeffrey Huebner, CFA® are Managing Members of Pointe Capital Management and hold equal ownership. Paul Huebner also holds the position of Chief Compliance Officer. At this writing, Pointe Capital Management has 6 investment managers.

### B. TYPES OF ADVISORY SERVICES

Pointe Capital Management is a fee only Registered Investment Adviser. The term “fee only” means that Pointe Capital Management and its Adviser Representatives will not accept commissions in connection with securities or insurance recommendations. Pointe Capital Management is only compensated for advisory services via a percentage of assets under management, hourly fees or via annual fees depending upon the services requested and scope of the engagement.

*“Adviser Representatives”* are those persons authorized by the Adviser to deliver financial and investment advisory services. Adviser Representatives of Pointe Capital Management are not registered representatives of a broker/dealer nor are they insurance agents.

The Adviser is not a broker/dealer or custodial firm. Any transactions in securities will be executed by an unaffiliated broker/dealer firm of client’s choosing. Investment accounts will be held by the client’s selected custodian.

Pointe Capital Management is available to provide consulting and investment management services to individuals, pension and profit-sharing plans, 401(k) plans, trusts, estates, charitable organizations, institutional clients, corporations and business entities.

Pointe Capital Management may offer a complimentary general consultation to discuss services available, to give a prospective client time to review services desired, and to determine the possibility of a potential Client-Adviser relationship. Services begin only after the Adviser’s Form ADV 2 Brochures are delivered and the client and Adviser formalize the relationship with a properly executed Client Agreement.

After the formal engagement and depending upon the scope of the engagement, the Adviser and client will share in a data gathering and discovery process in an effort to determine the client’s needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the client and the nature of services requested. The client and Adviser may complete a risk assessment,

investment policy statement or similar document, depending upon the nature of services to be provided.

Pointe Capital Management offers **Investment Management Services and Consultation Services**.

**1. Investment Management Services** are ongoing in nature, focus solely on portfolio management as described below. Pointe Capital Management's investment advisory services are generally limited to the discretionary and/or non-discretionary management of investment portfolios in accordance with the investment objective(s) of the client. The Adviser does not provide financial planning services. However, the Adviser may provide consultation services on investment-related matters for which the Adviser may or may not receive additional compensation, as further described herein.

Pointe Capital Management also provides investment advisory services to institutional clients which may include corporate pension plans, public funds, foundations, endowments and other tax-exempt entities. Such accounts are managed in accordance with investment objectives, guidelines, and restrictions established by each client.

**2. Consultation Services** are dependent upon the nature and scope of services to be provided. Consultation Services are either hourly or based upon an annual fee as described in Item 5 of this Brochure. The services and fees are agreed upon at the time of engagement.

**Investment Management Services** involve ongoing and continuous portfolio management. Pointe Capital Management focuses on providing individualized services that are tailored to meet the stated needs and objectives of the client. At the start of the engagement and at least annually thereafter, the Adviser will include a comprehensive review of the overall aspects of a client's current financial situation and consider both long and short-term objectives and goals, or as directed by the client. Thus, a certain degree of the Adviser's services will often touch on general financial planning issues that may be of a concern to the client. Pointe Capital Management places a focus on liquidity, diversification, risk control and cash flow through the use of multiple publicly available investments.

Clients engaging the Adviser for Investment Management Services must play an active role. The Adviser requests that each client participates in the financial and investment review; the development of an investment policy or similar document, if applicable; the development of the investment plan to be followed; as well as participation in reviews and the ongoing advice and recommendations.

Investment Management Services generally begin with an initial data-gathering interview in an effort to determine the client's stated individual needs, goals, time horizons and risk tolerance. Pointe Capital Management utilizes the information provided by the client to prepare recommendations for investments, which may include planning for long-range goals (*i.e.*, retirement planning or college funding) or other segments of an investment plan that may be desired. After an analysis and data-gathering process and depending upon the nature of services desired, the Adviser may prepare reviews, analysis, asset allocation recommendations, and may recommend specific investments.

Pointe Capital Management can tailor services to focus only on certain portfolio components or the Adviser can provide comprehensive portfolio management services, depending upon the client's wishes and/or the nature of the engagement. The Adviser welcomes the opportunity to provide individualized services. However, where investment management services or information are limited, clients must understand that comprehensive investment needs and or objectives may not be fully considered due to the client's option to receive limited services, the lack of information received, and/or client disclosure.

Depending on the nature of services to be provided, Pointe Capital Management generally develops and utilizes an asset allocation profile that is consistent with the client's desired rate of return, time horizon and risk tolerance based upon the client's input. The Adviser can both design and implement portfolio recommendations. Where an existing portfolio has been designed by the client or another party, Pointe Capital Management can provide recommendations for re-design, adjustments or re-balancing.

Once the portfolio has been implemented or transferred for services, Pointe Capital Management can provide continuous monitoring, recommendations and investment advice as outlined in the engagement for services. The ongoing Investment Management Services are based upon the investment strategy or policy agreed upon between Pointe Capital Management and the client. In providing ongoing Investment Management Services, the Adviser will manage investor funds in accordance with an investment plan as selected by the client and the Adviser will remain available for ongoing advice and recommendations. The Adviser will monitor the portfolio in accordance with the directives provided as Investment Management Services are continuous and ongoing until terminated by either party.

Pointe Capital Management primarily allocates managed assets, on a discretionary and/or non-discretionary basis among mutual funds, exchange traded funds (ETFs), Master Limited Partnerships (MLPs), closed-end funds, individual debt and equity securities, stocks and options in accordance with the stated investment objectives of the client. The Adviser may also consider other types of investments or may remain available to consult with clients on U.S. government securities, municipal bonds and other fixed-income securities, or existing holdings in variable products, commercial paper, options (securities), warrants, and various other types of investments. The Adviser may also provide advice about real estate investment trusts (REITs), and any type of investment held in a client's portfolio at the beginning of the advisory relationship.

The Adviser may recommend that clients that are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the client's investment objectives. When the Adviser recommends that the client invest in private placement securities, the Adviser shall receive no additional compensation but shall continue to receive applicable investment advisory fees on the client's assets under management.

Pointe Capital Management will generally seek to allocate the client's assets among various investments, taking into consideration the overall management style and portfolio framework selected by the client. Where the Adviser manages a



comprehensive portfolio, the Adviser attempts to construct a diversified portfolio of investment recommendations that are within its realm of expertise. In each case, the stated individual needs, goals and desires of clients are taken into consideration.

Certain clients may desire to place or keep certain assets within their account(s) that are selected by client and are not the subject of investment advice by Adviser. These are “self-directed” assets. The Adviser will have no responsibility to review or in any way manage “self-directed” assets in client accounts and the Adviser accepts no liability to those clients in connection with any loss relating to the “self-directed” assets. The Adviser has not and will not pass on the suitability of self-directed assets. Should the Adviser ever agree to assist clients with self-directed implementation it may do so only as a value-added service at the client’s request. The Adviser will therefore not manage this facet of the client’s portfolio unless specifically agreed in writing.

Services and investment recommendations in connection to assets invested in a corporate retirement plans are limited to those offered within the plan and via the plan’s contracted service providers.

Clients are expected to play an active role. The Adviser requires the client to participate in the formation of the investment plan, the development of investment advice and recommendations as well participating and providing input in connection with the ongoing services provided. Clients may call the office during regular business hours to discuss their portfolio or ask questions, but the Adviser recommends that clients initiate a meeting with the Adviser no less than annually. However, clients are obligated to immediately inform the Adviser of any changes in their financial situation to provide the Adviser with the opportunity to review the portfolio to ensure it is still structured to help meet the client’s stated needs and objectives.

Pointe Capital Management remains available to provide ongoing advice and recommendations. The Adviser’s ongoing Investment Management Services are based upon the client’s stated individual needs, objectives and directives. Pointe Capital Management will manage the client’s funds in accordance with the designed investment policy/strategy, which may be amended in writing by the client throughout the advisory relationship.

If services desired go outside the scope of Investment Management Services, the Adviser may be available to provide Consultation Services. In such cases, the Adviser may request a new or amended Client Agreement and additional fees may apply. The Adviser will not engage in services which will involve additional advisory fees without the client’s direction.

**For ERISA-qualified plans,** Pointe Capital Management can serve as the plan’s investment adviser pursuant to §3(21) as identified by Employee Retirement Income Security Act of 1974 (“ERISA”). In this capacity, the Adviser will recommend investment decisions for approval by the plan’s named fiduciaries. The plan sponsor/trustee retains ultimate decision-making authority for the investments and may accept or reject the recommendations. The Adviser will not maintain limited discretionary authority to execute transactions. Both parties share the fiduciary responsibility to the plan.

If the plan consists of participant-directed accounts, Pointe Capital Management's services will involve providing advice pertaining to the investment options which will be made available to the plan's participants. In rendering these services, the Adviser works with the plan's named fiduciaries to evaluate the demographics of the plan's participants to select investment options that are appropriate for their retirement needs based upon ERISA §404(c)'s requirement that participant-directed retirement plans offer a "broad range" of investment options. The plan's named fiduciaries may impose restrictions on the types of investments that may be held by, or offered through, the plan, and those guidelines are typically referenced in the plan's investment policy statement. However, the Adviser generally does not provide advice regarding the inclusion of the plan's sponsor's stock within the plan.

### **Consultation Services**

Pointe Capital Management is also available to provide Consultation Services on an hourly basis or via an annual engagement. The Adviser can tailor services as desired by the client.

Advice may be provided on general issues relating to investments, portfolios, or other issues of interest to clients. The engagement for services may be focused on a specific issue or may be more comprehensive in nature, as determined at the time of engagement. Where Consultation Services are not comprehensive in nature and only focus on certain areas of client interests, needs or is otherwise limited, clients must understand that a client's overall financial and investment needs and objectives may not be considered as a result of time and/or service restraints placed on the Adviser's services. The services provided terminate upon delivery unless otherwise agreed in writing.

Consultation Services will not include any portfolio monitoring, reviews, follow-ups, or other services unless specifically agreed to in writing. The advice provided may include recommendations for updates and reviews, but it is the client's responsibility to follow-up and secure additional services under a new or amended agreement unless the engagement provides for a project which specifically includes such services.

Implementation of any advice or recommendations pertaining to securities and/or non-securities matters, in whole or in part, is entirely at the client's discretion via the service provider(s) of the client's choice.

When providing Consultation Services in connection with investments within retirement plans, the advice and any recommendations are limited to plan offerings and the service provider(s) selected by the plan providers.

During the course of any advisory services, Pointe Capital Management's Adviser Representatives may suggest the client work closely with the client's attorney, accountant, insurance agent, and the client's custodian. Clients requiring assistance on issues relating to matters outside of investment advisory topics should consult their personal tax adviser, legal counsel, or other professionals for expert opinions.

### **C. CLIENT TAILORED SERVICES AND CLIENT IMPOSED RESTRICTIONS**

Pointe Capital Management focuses on providing individualized services. The Adviser can tailor services to focus only on certain portfolio components, depending upon the

client's wishes and/or the nature of the engagement. However, where client services or information are limited, clients must understand that comprehensive financial and/or investment needs and objectives may not be fully considered due to the client's option to receive limited services, the lack of information received, and/or client disclosure.

The Adviser and client will share in a data gathering and discovery process in an effort to determine the client's stated needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the client and depending upon the nature of services requested. The client and Adviser may complete a risk assessment, investment policy statement or similar document, depending upon the nature of services to be provided.

Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs unless otherwise agreed by the Adviser in writing. Clients are welcome to set parameters on the Adviser's limited discretionary authority in writing as to types of investments and amounts purchased or sold. Where clients retain authority to implement recommendations, they are welcome to do so, in whole or in part via the financial services provider(s) of their choice.

Clients may make additions to and withdrawals from their account at any time, subject to the Adviser's right to terminate an account. Clients may withdraw account assets on notice to the Adviser, subject to the usual and customary securities settlement procedures. Pointe Capital Management normally designs its portfolios as long-term investments and assets withdrawals may impair the achievement of a client's investment objectives.

#### **D. WRAP FEE PROGRAMS**

Pointe Capital Management does not sponsor and is not contracted to manage a wrap fee program.

#### **E. AMOUNTS OF ASSETS UNDER MANAGEMENT**

Pointe Capital Management's fiscal year end assets under management as of the close of business 12/31/2018, totaled \$196,006,000 in 360 accounts. The managed assets are owned by individual clients, clients who meet the definition of high net worth individuals, pension and profit-sharing plans and charitable organizations.

### **ITEM 5: FEES, COMPENSATION AND TERMINATION OF SERVICES**

#### **A. FEE SCHEDULES**

Pointe Capital Management is only compensated for advisory services as follows: A percentage of assets under management and hourly fees or annual fees (which are dependent upon the nature and scope of the engagement).

**1. Advisory fees for Investment Management Services** are agreed upon at the time of engagement and are based on a number of factors. Unless otherwise agreed in writing, the Adviser's annual Investment Management fees are payable quarterly in

advance and based upon the market value of the portfolio, as determined by the client's custodian, on the last market day of each of the preceding quarter.

Pointe Capital Management's annual fee will vary (between 0.75% and 1.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered, as outlined below:

<b>PORTFOLIO VALUE</b>	<b>ANNUAL FEE</b>
Up to \$5,000,000 .....	1.00%
\$5,000,001 - \$10,000,000 .....	0.80%
\$10,000,001 - \$20,000,000 .....	0.75%
above \$20,000,001 .....	Determined at Engagement

The fee scale above also applies to PCM's 401(k) management services, but fees are negotiable, based on the nature and scope of services provided. Pursuant to §408(b)(2) of ERISA, PCM, (as with other firms providing services to the plan) must disclose all direct and indirect compensation they will receive in exchange for the services they provide to a retirement plan. PCM discloses the *fee-only* investment advisory services it will provide and the fee it will charge for those services in its written client agreement with the retirement plan's sponsor.

The annual management fee for PCM's MLP / Infrastructure Strategy as a stand-alone strategy for institutional clients is 0.75%.

The annual management fee for Pointe Capital Management's Large Cap Value Strategy as it applies to institutional clients is .65% on the first \$10 million under management and .50% on assets over the initial \$10 million.

The Adviser calculates its quarterly fee by multiplying the portfolio balance by  $\frac{1}{4}$  of the Adviser's annual fee. Where services are initiated at any time other than the beginning of a calendar quarter, the advisory fee for that quarter will be pro-rated.

The Adviser, in its sole discretion, may agree to modify its management fee (higher or lower) based upon certain criteria (i.e., scope and complexity of services, anticipated future earning capacity, anticipated future additional assets, portfolio size, institutional clients, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.). The Adviser may aggregate multiple accounts or the portfolios of family members to take advantage of a lower billing rate based on reaching the next breakpoint.

In the event the Adviser agrees in writing to manage securities that do not have a readily available market value, the Adviser and Client agree to seek at least two independent resources for valuation services.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets may be adjusted or prorated based on the number of days remaining in the quarter as set forth in the Client Agreement.

During the engagement, Investment Management fees may be modified in certain circumstances due to significant changes in the scope of the engagement, nature and/or complexity of services. The Adviser reserves the right to modify the management fee with a 30-day prior written notice such as when the scope of the

engagement or complexity of services has changed. Should the client decide not to accept the fee adjustment, the client is welcome to terminate services at any time.

In the event that Investment Management clients desire services outside the scope of the Adviser's engagement, Pointe Capital Management is available to provide additional services at the Adviser's hourly consultation rate as described in Item 2 in this section. The hourly rate would be agreed to at the time of the request for additional services and will be dependent upon the nature and complexity of the services desired. Pointe Capital Management will not engage in services resulting in additional fees without the expressed authorization of the client.

Either party may immediately terminate the agreement for Investment Management Services by written notice to the other. In the event either party terminates the Adviser's Investment Management Services the Adviser shall calculate a pro-rated refund of unearned fees which will be promptly refunded to the client. If termination occurs within five business days of entering into an agreement for such services and the client has not received the Adviser's ADV Part 2 Brochure at least 48 hours prior to engagement, no fees shall be due or the client shall be entitled to a full refund of prepaid fees.

**2. Fees for Consultation Services** are determined at the time of engagement based upon the time and effort required and/or the nature and complexity of services.

The Adviser's consulting fees are negotiable, but generally range from \$300 to \$800 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the consulting services and if the client has engaged the Adviser for any other services (such as investment management). In lieu of an hourly fee, the Adviser may charge either an annual fixed fee retainer, charged quarterly in advance. In such cases, the retainer will be determined at the time of engagement and will depending upon the scope of the engagement, the anticipated time and effort and the complexity and nature of services.

Consultation Services will normally be provided only after the Adviser and the client enter into a written agreement setting forth the terms and conditions of the engagement and describing the scope of the services to be provided and the portion of the fee that is due from the client prior to the Adviser commencing services.

For hourly services, the Adviser generally requires one-half of the proposed project fee payable upon entering the written agreement. The balance is generally due upon completion of the agreed upon services. Either party may terminate the agreement by written notice to the other. In the event the client terminates the Adviser's consultation services the balance of the Adviser's unearned prepaid fees (if any) shall be promptly refunded to the client. If termination occurs within five business days of entering into an agreement for such services and the client has not received the Adviser's ADV Part 2 Brochure at least 48 hours prior to engagement, no fees shall be due, or the client shall be entitled to a full refund of prepaid fees.

During the course of an engagement, should the client's condition change during the course of services such that new advice, recommendations, re-evaluation or research are required, additional fees may apply. The Adviser will not engage in other services that will result in additional fees without the client's approval.



## **B. PAYMENT OF FEES**

1. Unless otherwise agreed in writing, **Investment Management fees** are payable quarterly in advance. Payment of Investment Management fees may be made directly to the Adviser (via a mailed invoice) or through a debit directly to the client's account by the qualified custodian holding the client's funds and securities. The Adviser follows the criteria required by the SEC's Investment Advisers Act of 1940, when payment is made via a qualified custodian: (1) The client provides written authorization permitting the fees to be paid directly from the client's account held by the independent qualified custodian and the authorization is limited to withdrawing contractually agreed upon Investment Adviser fees; (2) The client can expect to directly receive regular (monthly or quarterly) reports from the qualified custodian which reflect the Adviser's fee deduction; (3) The frequency of fee withdrawal shall be specified in the written authorization/agreement; (4) The custodian of the account shall be advised in writing of the limitation on the Adviser's access to the account and; (5) The client shall be able to terminate the written billing authorization or agreement at any time.

It is important to note that custodial firms do not verify advisory fees. Clients should review their custodial statements carefully. If a client should have any questions or concerns in connection with advisory fee deductions, they should promptly contact Pointe Capital Management. If at any time during the engagement, the client fails to receive the custodial account statements directly, it is important to promptly notify Pointe Capital Management and the custodial firm(s).

If the designated account(s) do not contain sufficient funds to pay advisory fees, the client can leave standing orders to deduct fees via other accounts. In the absence of alternate instructions, the Adviser will issue an invoice for advisory fees to the client and payment is expected within 10 days of the invoice date or as may otherwise be agreed in writing.

Retirement plan clients may decide whether the fees will be paid directly by the plan sponsor or deducted from plan assets. Because PCM's fees are often paid through excess revenue sharing collected by the plan's custodian on mutual funds purchased through the plan, the custodian usually determines whether PCM's fee will be paid in advance or in arrears. However, if the plan sponsor will pay PCM's fee directly, the parties may negotiate when those payments will be due.

2. **Consultation fees** are invoiced directly. Pointe Capital Management may require a retainer equal to ½ the proposed project fee in order to schedule services. In these cases, the project balance is due upon the delivery of services. Where a fixed fee is agreed upon for services of a longer term, the fee is invoiced quarterly in advance of services.

## **C. CLIENTS ARE RESPONSIBLE FOR FEES ASSOCIATED WITH INVESTING**

Clients are responsible for the payment of all third-party fees associated with investing. Clients may pay transaction and brokerage commission to their broker/dealer or other service providers ("Financial Institution[s]") as well as any fees associated with their particular accounts (e.g., account opening, maintenance, transfer, termination, wire transfer, retirement plan, trust fees, and all such applicable third party fees, 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). All fees paid to the Adviser for advisory services are separate from the fees and expenses charged to shareholders of ETF's or mutual fund shares offered by mutual fund companies. If a mutual fund previously purchased by or selected by a client should impose a sales charge, a client may pay an initial or deferred sales charge. Pointe Capital Management does not receive any portion of these investment-related fees. Such charges, fees and commissions are exclusive of and in addition to the Adviser's fees. A complete explanation of the expenses charged by a mutual fund or ETF is contained in the respective mutual fund prospectus. Clients are encouraged to read each prospectus and securities offering documents.

For Retirement Plans: The plan's administrator is required to provide participants with a disclosure of the costs associated with the investment options offered under the plan, such as mutual fund loads, pursuant to §404(a)(5) of ERISA.

Portfolio additions may be in cash or securities provided that the Adviser reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. The Adviser may consult with its clients about the options and ramifications of transferring securities. However, clients are hereby advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications. Pointe Capital Management does not receive any portion of these fees.

#### **D. PREPAYMENT OF FEES**

Pointe Capital Management collects fees quarterly and in advance in connection with **Investment Management Services**. As noted on the previous page, plan clients may negotiate when fees will be due.

The Adviser may require a pre-paid retainer for **Consultation Services** as described on the prior page. Alternatively, an agreed upon annual fixed fee will be invoiced quarterly and in advance of services.

As previously noted in the service sections of this Brochure, clients who do not receive the Adviser's Form ADV Part 2 Brochure at least 48 hours prior to engagement have the right to terminate the Adviser's services within 5 business days of signature without penalty (no fees due or prepaid fees will be promptly refunded).

Alternatively, Investment Management services may be immediately terminated upon receipt of written notice by either party. If the termination occurs prior to the end of a billing period, the Adviser will only charge for services provided up until the effective date of termination. The Adviser reserves the right to liquidate the portfolio upon termination, unless specific instructions are provided.

Consultation Services terminate upon the delivery of services unless ongoing services are engaged pursuant to the Client Agreement. These services otherwise may be immediately terminated prior to the conclusion of services upon written notice from either party and the client will only be invoiced for time incurred by the Adviser up until the effective date of termination or prepaid but unearned fees will be promptly refunded.

## **E. OTHER COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS TO CLIENTS**

Pointe Capital Management is a *fee-only* Registered Investment Adviser. Neither the Adviser nor its supervised persons accept any compensation/commission for the recommendation of securities or non-securities products including asset-based sales charges or service fees from the sale of mutual funds.

### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Pointe Capital Management's investment advisory fees are not "performance based". Therefore, the Adviser does not engage in side-by-side management services.

### **ITEM 7: TYPES OF CLIENTS AND MINIMUM CONDITIONS**

Pointe Capital Management is available to provide consultation and investment management services to individuals, pension and profit-sharing plans, 401(k) plans, trusts, estates, charitable organizations, institutional clients, state or municipal government entities, corporations and business entities.

Pointe Capital Management desires a minimum relationship size of \$1 million for clients seeking Investment Management Services. At the Adviser's discretion, the minimum relationship size may be waived where special circumstances exist. Examples of special circumstances may include but are not limited to: Prospective clients who have the ability to meet the minimum within a reasonable time period; where future portfolio assets may be transferred to meet the minimum; pre-existing relationships and family members of advisory personnel.

The Adviser reserves the right to decline to provide investment advisory services to any person or entity in its sole discretion and for any reason.

If an account is subject to the Employee Retirement Income Security Act of 1974, as amended, ("*ERISA*"), the Adviser acknowledges that Adviser is a fiduciary within the meaning of the Act and the ERISA Client is a named fiduciary with respect to the control or management of the assets in the Account. In each instance, the Client will agree to obtain and maintain a bond satisfying the requirements of Section 412 of ERISA and to include the Adviser and the Adviser's principals, agents, and employees under those insured under that bond and will deliver to the Adviser a copy of the governing plan documents. If the Account assets for which the Adviser provides services represent only a portion of the assets of an employee benefit plan, Client will remain responsible for determining an appropriate overall diversification policy for the assets of such plan.



## ITEM 8: METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The Adviser believes each client presents a unique set of goals, values, interests, objectives, time horizons and challenges. Pointe Capital Management provides individualized attention to each type of investor who engages the Adviser for services.

Based upon information provided by the client, the Adviser attempts to evaluate an investor's risk tolerance, time horizon, goals and objectives through an interview and data-gathering process in an effort to determine an investment plan or portfolio to best fit the investor's profile. Client participation and the client's delivery of accurate and complete information are critical to the Adviser's process. During the data-gathering process and in performing its services, the Adviser shall not be required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information.

The Adviser may recommend the services of itself, its Adviser Representatives in their individual capacities as investment managers, and other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if the Adviser recommends its own services. Any professional referrals (*i.e.*, insurance agents/firms, accounting professionals, legal professionals, etc.) are solely a courtesy and the Adviser receives no direct or indirect compensation in return for referrals. The client is under no obligation to act upon any of the recommendations made by the Adviser and/or engage the services of any such recommended professional, including the Adviser itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of the Adviser's recommendations.

Pointe Capital Management provides individualized Investment Management Services to its clients. The Adviser can provide advisory services for portfolios ranging from conservative to aggressive, each designed to meet the varying needs of and within the direction set forth by the investors. The Adviser selects the portfolio best suited to their individual stated needs after clients have defined their objectives, risk tolerance and time horizons and the client approves the selection. Clients must promptly notify Pointe Capital Management if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the Adviser's management services.

**For ERISA qualified plans** in which participants direct the investments in their accounts, Pointe Capital Management's first concern is to ensure the plan complies with ERISA §404(c)'s requirement for a "broad array" of investment options to enable participants to develop a diversified portfolio. If the plan already has an investment policy statement ("IPS"), the Adviser analyzes the investment options offered through the plan's platform provider to help ensure there is adequate representation of investment categories for the plan's participants. If the plan does not have an IPS, the Adviser can work with the plan to draft one to guide the plan fiduciaries' oversight of its investment options.

Once the investment categories are identified, the Adviser further refines them into the investment styles offered within each category. The Adviser then analyzes the choices available within each classification based upon investment style (including style consistency), risk and return characteristics, and performance versus the peer group median. Qualitative factors, such as the investment's operating expenses and tenure of its manager are also considered. Based upon this analysis, the Adviser will recommend investment options to be made available to plan participants. Thereafter, the Adviser assesses the various investment options each quarter. Those options that underperform are placed on a "watch list" and, if the underperformance continues, the Adviser will recommend they be replaced. Pointe Capital Management also monitors the participants' demographics and utilization of the selected investments to help ensure they have relevant choices and understand how to utilize those options to build a suitably diverse investment portfolio.

**Strategies and Methods of Analysis.** The Adviser may utilize one or more of the following methods of analysis. However, Pointe Capital Management takes the position that no single strategy can be relied upon to outperform the market. As outlined in this section, the Adviser's goal in its analysis is not to time the market.

**1. Fundamental Analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security. For example, an investor can perform fundamental analysis on a bond's value by looking at economic factors, such as interest rates and the overall state of the economy, and information about the bond issuer, such as potential changes in credit ratings. For assessing stocks, this method uses revenues, earnings, future growth, return on equity, profit margins and other data to determine a company's underlying value and potential for future growth. In terms of stocks, fundamental analysis focuses on the financial statements of the company being evaluated. Fundamental analysis does not provide a trade signal; It simply provides implied information to an analyst about whether the company may be worth purchasing at the given price.

Very broadly described, this type of analysis involves a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and company-specific factors (like financial condition and management). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price, with the aim of determining what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis.

Fundamental analysis is performed on historical and present data, but with the goal of making financial forecasts. There are several possible objectives:

- ❖ to conduct a company stock valuation and predict its probable price evolution,
- ❖ to make a projection on its business performance,
- ❖ to evaluate its management and make internal business decisions,
- ❖ to calculate its credit risk.

Pointe Capital Management applies a proprietary fundamental analysis approach to its **Large Cap Value Strategy**. This strategy seeks above benchmark returns through superior stock selection and organic alpha generation over a 3 to 5-year period. The strategy focuses on screening for companies whose current stock price represents a significant discount to inherent or intrinsic asset value. The Adviser utilizes a proprietary sector specific valuation model to identify alpha, provide margin of safety and to reduce risk for the investment case.

For its Large Cap Value Strategy, the Adviser's objective is to seek long-term capital appreciation by investing in companies selling for significantly less than internally determined fair or intrinsic value. The Adviser utilizes an interactive, team-structured approach to internally screen, find, analyze and value a large cap value portfolio of 35-45 positions with market capitalizations above \$1 Billion with the goal to identify distressed stocks, not distressed companies. Pointe Capital Management's overall process centers on identifying what we view as high quality companies with financially strong business models and longer term structural secular growth opportunities that are selling well below our estimates of fair or intrinsic value. Our five-step proprietary research process utilizes publicly available data to determine intrinsic value for each holding using deep fundamental analysis with a goal of low portfolio turnover.

Fundamental analysis is not without its drawbacks and problems. For one, this method can be tedious and time consuming. Once a trend in the fundamentals of the company is established, normally, the future growth will be extrapolated using that trend. The extrapolation is a subjective exercise and should be cautiously assessed. As an example, the trend may still be up but the market may already be saturated and thus there is a higher chance of the trend flattening rather than continuing upward. Extrapolation may not always work and may result in a wrong call. In addition, fundamental analysis involves a time delay as the financial data the analyst is reviewing is always from the previous year or previous quarter. Even if a fundamentally strong company at the right price is identified, it does not mean that the company's shares are going to move anytime soon. Therefore, some holdings may need to be held for quite some time.

A stock's position in the market is also driven by investor sentiment, which can sometimes swing in extremes. As a result, stock prices of companies can reach extremely overvalued or undervalued levels. When the share price becomes overvalued, a fundamental analyst will stay out or they will exit too early. As the share price reaches extremely overvalued levels, the fundamental analyst might miss out the biggest gain in the share price. This type of analyst may also buy when the price drops within a value range and yet the stock price could head lower still well into oversold regions before recovering.

As with any data produced by a third party, there is always the possibility that the company's data has been manipulated. Enron is a good example. It does happen and it can be very difficult to detect. Thus, an analyst is limited by the information that is published.

**2. Technical Analysis** is a method of evaluating securities by analyzing the statistics generated by market activity, such as past prices and volume. There are multiple technical analysis methods that can be employed. Generally speaking, technical

analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

The field of technical analysis is based on three assumptions:

1. The market discounts everything.
2. Price moves in trends.
3. History tends to repeat itself.

This type of analysis can be broadly described as a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. It is a discipline for forecasting the direction of prices through the study of past market data, primarily price and volume. Technical analysts lean towards the belief that the historical performance of stocks and markets are likely indications of future performance. Simply put, technical analysis deals with reading stock charts and this process is broadly described as a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume.

Technical Analysis can be difficult, as analysts need to learn various indicators and patterns and understand how they relate to investor sentiment and behavior. Analysts also have to devise methods of how these issues may impact stock price. Like other analysis methods, technical analysis is not 100% accurate. Relative success depends on the analyst, the analysis tools and the stock or market itself. Often there can be contradicting results which may result in a situation where no trade can be made. An example of this exists when the overall market is heading in one direction and the particular share price is pointing to the opposite direction.

The interpretation of technical indicators is subjective. The same indicator could be interpreted as bullish by one side of the camp and as bearish by the other side of the technical camp. The subjective aspect of technical analysis gives way to another drawback of technical analysis which is the validation of a biased view. The analyst may have already formed a view based on the state the economy is currently or the situation of the market and sector the company is operating in. An example of this is gold "bugs" who are entrenched in the idea that gold may perform in a certain way. This is obviously not a wise use of technical analysis but human nature as it is, it can happen.

**3. Cyclical Analysis** is a method that generally looks at cycles that can impact that market, depending upon the type of securities. This analysis method takes into consideration that there are cyclical and non-cyclical securities.

Cyclical stocks are stocks that follow the general economic environment and are fairly easy to identify. The automotive industry is a prime example of a cyclical sector. Cyclical stocks do well in times of economic prosperity and generally suffer greater during times of economic recession or hardship. Conversely, health care stocks are an excellent example of non-cyclical stocks as there will always be a need for health care, regardless of the economic situation. These stocks typically have consistent profits, rather than spikes.

Historically, the difference between cyclical and non-cyclical stocks has been cash flow. The cash flow of cyclical stocks is affected by the movement of the economy in general. A major category of cyclical stocks is retail consumer products. When the market swings up, cyclical stocks make big upward swings and when it swings down, they move way down. Their movement is widely followed as indicators of the overall health of the economy. However, some cyclical companies attempt to alleviate the impact of cyclical changes by diversifying their product line, expanding to overseas markets and segmenting a cyclical division out to its own stock symbol. Additionally, technology has minimized the impact of cyclical organizations.

Non-cyclical stocks are less affected by a downturn in the economy. Referred to as "defensive industries," they are the types of goods that are purchased regardless of the economy. These may include food, insurance and drugs. Analysts attempt to use their knowledge about the cyclical nature of certain industries to predict revenues, interpret earnings reports and make judgments about the overall financial health of a company.

Generally speaking, the stock prices of cyclical companies tend to increase when analysts predict positive news about the future of the economy. If investors feel the market is moving up, cyclical stocks may offer growth opportunities. If they feel the market is moving down, non-cyclical stocks may provide stability.

Given the up-and-down nature of the economy and, consequently, that of cyclical stocks, successful cyclical investing requires careful timing. Investors can also lose substantial amounts if they buy at the wrong point in the cycle. Cyclical stocks tend to respond more violently than growth stocks to economic changes. They can suffer mammoth losses during severe recessions and can have a hard time surviving until the next boom. Predicting an upswing can be difficult, especially since many cyclical stocks start doing well many months before the economy comes out of a recession. When things do start to change for the better, dramatic swings from losses to profits can often bring profits but there is never any guarantee. Pointe Capital Management invests for the long-term and does not necessarily attempt to time the market.

**4. Other.** Pointe Capital Management's investment strategies may be based upon a number of concepts and determined by the type of investor. Services are customized for each individual client.

The basis for Pointe Capital Management's investment recommendations is the Nobel Prize winning investment strategy called "Modern Portfolio Theory ("MPT"). MPT is a sophisticated investment decision approach that permits an investor to classify, estimate and control both the kind and the amount of expected risk and return. Fundamental to MPT is the ability to statistically quantify the relationship between risk and return, thus determining the extent of compensated risk.

MPT states that the risk for individual stock returns has two components:

1) Systematic Risk - These are market risks that cannot be diversified away. Interest rates, recessions and wars are examples of systematic risks.

2) Unsystematic Risk - also known as "specific risk", this risk is specific to individual stocks and can this risk can be "diversified away" as one increases the number of



stocks within a managed portfolio. This also represents the component of a stock's return that is not with general market moves.

For a well-diversified portfolio, the risk or average deviation from the mean, of each stock contributes little to portfolio risk. Instead, it is the difference (or co-variance) between an individual stock's level of risk that determines overall portfolio risk.

MPT does have its short-comings. It often requires investors to rethink notions of risk. Sometimes it demands that the investor take on a perceived risky investment in order to reduce overall risk. That can be uncomfortable to certain investors who are not familiar with the benefits of sophisticated portfolio management techniques. Furthermore, MPT assumes that it is possible to select stocks whose individual performance is independent of other investments in the portfolio. However, market historians have shown that there are no such instruments; in times of market stress, seemingly independent investments do, in fact, act as though they are related. The basic premise of MPT is that the market is hard to beat and investors who beat the market are those who take above-average risk. MPT is just that – a theory.

Pointe Capital Management believes that risk reduction is a key element to long-term investment success therefore Pointe Capital Management embraces a diversified asset allocation approach. Asset Allocation is an investment approach, wherein selected asset classes and the weightings of these asset classes focus on the overall investment objective and risk tolerance of the client. The concept of asset allocation or spreading investments among a number of asset classes (domestic equities v. foreign equities; large cap stocks v. small cap stocks; growth stocks v. value stocks; municipal bonds v. corporate bonds v. government bonds) is Pointe Capital Management's guiding strategy.

Negative asset class correlation (the measure of the degree of movement between investments) of the varying asset classes within the portfolio is carefully analyzed to help reduce volatility without sacrificing the effectiveness of the portfolio in an effort to achieve expected yields.

A Diversified Asset Allocation is an investment style, wherein the assets and weightings are set and are carefully monitored to maintain risk control. This strategy places a great emphasis on minimizing portfolio turnover and trading/transaction costs.

**PCM's Diversified portfolio strategy** for individual and select institutional investors is based on Modern Portfolio Theory seeking diversification, asset allocation, risk control, and investment policy discipline. The Adviser seeks diversification by asset class, manager and holdings in an effort to help reduce risk and volatility. This liquid strategy invests in all publicly traded asset classes with a focus on yield-generating positions in fixed income and traditional equities including MLPs, for tax-efficient, cash generating and risk adjusted returns.

**MLP / Infrastructure Strategy** seeks to build a portfolio of high quality publicly traded MLP securities. The strategy favors midstream MLPs which have an underlying investment in energy infrastructure. The Adviser seeks investments with above average distribution growth, with low correlation to traditional equity markets and fixed income. The end goal is a portfolio of high-quality securities with a rising stream of income, growth potential and diversification benefits.

Pointe Capital Management utilizes a long-only, separately managed account structure dedicated to its MLP / Infrastructure Strategy. An MLP is an entity structure of limited partnerships and limited liability companies, with publicly traded partnership interests. The underlying business interests of the MLPs primarily operate in industries related to energy infrastructure. The Adviser's MLP / Infrastructure Strategy involves the application of a fundamentally based five-step research process, valuation and macro/sector analysis and seeks to achieve long-term growth. The Adviser takes the position that the distribution growth of MLPs creates a natural hedge against inflation. As discussed in the section addressing fundamental analysis, no strategy is without its drawbacks and limitations. Additional information regarding MLPs is found in the Item 8.C of this Brochure.

In providing its investment management services, recommendations for or purchases of investments will be based on publicly available reports and analysis. In the case of mutual funds, recommendations will be based on reports and analysis of performance and managers, and certain computerized models for asset allocation and investment timing. Tactical asset allocation (market timing, stock selection and track record investment) is discouraged.

Portfolio holdings are generally evaluated by corporate management experience, track record and performance of like-kind investments. The Adviser will actively manage each portfolio. Investors should generally expect to remain fully invested within the ranges of their selected asset allocation plan at all times unless restated by the client. However, at times the Adviser will not find attractively priced investments and may hold cash until it deems appropriate. The Adviser generally looks to the long-term when developing advice and its recommendations are based upon information provided by the client.

It is important that the client promptly notifies the Adviser of any change in the client's financial condition, so the Adviser has the opportunity to assess any possible changes needed in the advice, recommendations or investment strategies. Changing conditions in the client's financial life or significant changes in market conditions may warrant a collaborative effort with the client to modify their strategic investment framework, which consequently may also trigger changes to investment holdings within the portfolio.

Pointe Capital Management attempts to be conscious and sensitive to tax-related investment considerations. However, Pointe Capital Management is not a tax professional. Clients are encouraged to seek the guidance of their tax professional in an effort to understand how their investments (proposed or implemented) will affect their overall tax situation.

It is important to understand that investing in securities involves a risk of loss that a client should be prepared to bear.

## **B. MATERIAL RISKS INVOLVED**

Please review the aforementioned section (A) which discusses the strategies utilized and their drawbacks and limitations. Pointe Capital Management takes the general position that investors with diverse portfolios have a better chance of making a profit because it is difficult to accurately predict all variables that affect marketable

securities. It is important to understand that no single strategy can be relied upon to outperform the market.

As outlined below, Pointe Capital Management's goal in its analysis is not to time the market. The Adviser may utilize long-term trading; short-term trading; short sales; margin transactions; options writing strategies (including covered options, uncovered options or spreading strategies).

Pointe Capital Management seeks to utilize investment strategies that are designed to capture equity, fixed income and cash. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short sales, margin transactions and options writing generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

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

Clients may choose to make self-directed securities transactions, which are investments that are not reviewed and/or not recommended by the Adviser. In such cases, the Adviser has not passed on the suitability of said investments and while the Adviser may assist with client-directed implementation as a value-added service at the client's request, the Adviser will not manage these types of investments unless agreed in writing.

*It is important to understand that investing in securities involves a risk of loss that a client should be prepared to bear.*

### **C. RISKS OF SPECIFIC SECURITIES UTILIZED**

Pointe Capital Management generally seeks investment strategies that do not involve significant risk or unusual risk beyond that of the general domestic and / or international equity and bond markets.

Investments in individual stocks and even mutual funds can be risky. Some risks can be controlled, and some risks can be guarded against but no investment strategy can carry guarantees from loss. Certain market risks cannot be controlled, such as market or economic conditions. Certain strategies may be employed to adjust portfolios, or the Adviser and client may agree to hold the portfolio's course. Thoughtful investment selections that meet a client's stated goals and risk profile may help keep individual stock and bond risks at an acceptable level.



Fixed income investments generally are utilized as a portfolio diversification element as well as for income deriving investments outside of equity exposure. There are certain risks involved in investing in all types of bonds: Government, Municipal, and Corporate. The following is an overview of the types of risks that one should consider in terms of bond investments:

Interest rate risk; reinvestment risk; inflation risk; mark risk, selection risk, timing risk, and price risk. Additional risks for some government agency, corporate and municipal bonds may include: legislative risk (a change in the tax code could affect the value of taxable or tax-exempt interest income); call risk (some corporate, municipal and agency bonds have a “call provision” entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates may accelerate the redemption of a callable bond, causing an investor’s principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at the lower interest rates. Additional risks for corporate and municipal bonds may include: Credit risk; default risk; event risk and duration risk.

As noted in Item 8.A, Pointe Capital Management utilizes a long-only, separately managed account structure dedicated to its MLP / Infrastructure Strategy. The Master Limited Partnership underlying business interests of the MLPs primarily operate in industries related to energy infrastructure. Therefore, the portion of an investment portfolio utilizing this particular strategy would involve concentrated holdings in the energy infrastructure sector. Portfolios that concentrate in a particular sector or particular type of security could experience greater volatility than portfolios that invest in a broader range of investments or securities. MLPs trade on an exchange on days the exchange is open. Certain securities may experience limited trading volume as a result of market capitalization size, number of shares floated by the company, or other macro or micro circumstances. Where limited trading volume exists, the ability to acquire or dispose of a particular security may be limited and could result in an unfavorable impact on the prevailing market price. MLPs and Energy Infrastructure companies are subject to unique risk in the marketplace and these include but are not limited to: Commodity price risk; acquisition risk; depletion of natural gas and/or oil reserve; adverse weather conditions; interest rate risk; terrorist attack and changes in the tax and/or regulatory environment.

On occasion, the Adviser may recommend that clients that are “accredited investors” as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the client’s investment objectives. When the Adviser recommends that the client invest in private placement securities, the Adviser shall receive no additional compensation but shall continue to receive applicable investment advisory fees on the client’s assets under management.

For investors, securities purchased through a private placement typically fall into the realm of alternative assets - investments that often have a low correlation to public markets and offer essential diversification to portfolios dominated by traditional stocks and bonds. It is important to note that investments in private placements carry a high degree of risk for various reasons. Securities sold through private placements are not publicly traded and, therefore, are less liquid. Additionally, investors may receive restricted stock that may be subject to holding period requirements. Companies seeking private placement investments tend to be in earlier stages of development

and have not yet been fully tested in the public marketplace. As disclosed in the offering document(s), an offering may present risks that are unique to the investment, including risks related to the operation of the business. Investing in private placements requires high risk tolerance, low liquidity concerns, and long-term commitments. Investors must be able to afford to lose their entire investment. For those reasons, these offerings are generally available only to certain institutional investors and high net worth individuals and entities.

Clients are hereby advised to read each offering document carefully before investing.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that all clients should be prepared to bear.

#### **ITEM 9: DISCIPLINARY INFORMATION**

Pointe Capital Management has not been party to any investment-related legal complaints or arbitrations. The Adviser and its Adviser Representatives have not been party to any criminal or civil actions; administrative proceedings before the SEC or any other federal, state or foreign regulatory or self-regulatory authority. The Adviser has never been party to a bankruptcy. There is nothing material contained in the Adviser's registration record that would cause concern for a client or prospective client in the evaluation of the Adviser or the integrity of its management.

Information pertaining to the Managers and Advisory Representative(s) of Pointe Capital Management are contained on ADV Part 2B Brochures, applicable copies of which accompany this Brochure.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

##### **A. REGISTRATION AS A BROKER/DEALER OR BROKER/DEALER REPRESENTATIVE**

Neither Pointe Capital Management nor its Adviser Representatives are registered as a broker/dealer or as representatives of a broker/dealer.

##### **B. REGISTRATION AS A FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR OR A COMMODITY TRADING ADVISER**

Neither Pointe Capital Management nor its Adviser Representatives are registered as a futures commission merchant, commodity pool operator or commodity trading adviser.

##### **C. REGISTRATION RELATIONSHIPS AND CONFLICTS OF INTEREST**

Neither Pointe Capital Management nor its Adviser Representatives have any registration or licensed business relationships that would present a possible conflict of interest between the Adviser and its clients.

Pointe Capital Management does not maintain registration relations with any of the following:

- broker-dealer, municipal securities dealer, or government securities dealer or broker;
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund);
- other investment adviser or financial planner;
- futures commission merchant, commodity pool operator, or commodity trading adviser;
- banking or thrift institution;
- accountant or accounting firm;
- lawyer or law firm;
- insurance company or agency;
- pension consultant;
- real estate broker or dealer;
- sponsor or syndicator of limited partnerships.

Pointe Capital Management does not operate and does not have a material relationship with a hedge fund or other type of private pooled investment vehicle.

#### **D. SELECTION OF OTHER ADVISERS OR MANAGERS AND COMPENSATION**

Pointe Capital Management does not recommend unaffiliated third-party managers.

### **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

#### **A. CODE OF ETHICS**

Pointe Capital Management takes the issue of regulatory compliance seriously and is committed to maintain compliance with federal and applicable state securities laws. Additionally, Pointe Capital Management has a position of public trust and it is our goal to maintain that trust; provide excellent service, good investment performance; and advice that is suitable.

Pointe Capital Management places great value on ethical conduct. Therefore, the ultimate goal of our internal policies is to challenge our staff to live up not only to the letter of the law, but also to the ideals set forth by the Adviser.

Clients may be familiar with the roles fiduciaries play in various legal situations and in certain industries. As a Registered Investment Adviser, Pointe Capital Management is a fiduciary to each and every client.

As fiduciaries, Investment Advisers owe their clients several specific duties and according to the SEC, these duties include:

- Providing advice that is suitable;
- Providing full disclosure of material facts and potential conflicts of interest (such that the client has complete and honest disclosure in order to make an informed decision about services of the Adviser and about investment recommendations);
- The utmost and exclusive loyalty and good faith;
- Best execution of transactions under the available circumstances;
- The Adviser's reasonable care to avoid ever misleading clients;
- Only acting in the best interests of clients.

It is Pointe Capital Management's policy to protect the interests of each client and to place the client's interests first and foremost in each and every situation. The Adviser will abide by honest and ethical business practices to include, but not limited to the following:

- ❖ The Adviser will not induce trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account.
- ❖ The Adviser will make investment decisions with reasonable grounds to believe that the decisions are suitable for the client on the basis of information furnished by the client and will document suitability.
- ❖ The Adviser and its Representatives will not borrow money from clients.
- ❖ The Adviser will not recommend the purchase of a security without the reasonable belief that the security is registered, or the security or transaction is exempt from registration in states where the Advisor provides investment advice and based upon information the Adviser receives.
- ❖ The Adviser will not recommend that the client place an order to purchase/ sell a security through an unlicensed broker/dealer or agent, based upon information available to the Adviser.
- ❖ All staff will report personal security transactions to Paul Huebner, the Chief Compliance Officer as required by the SEC. Reportable trades for the Adviser include all but the following exceptions:
  - Transactions effected pursuant to an automatic investment plan;
  - Securities held in accounts over which the access person has no direct or indirect influence or control;
  - Transactions and holdings in direct obligations of the US Government;
  - Money market instruments — bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments;
  - Shares of money market funds;
  - Mutual fund transactions/holdings as the Adviser does not have a material relationship with a fund company;

- Transactions in units of a unit investment trust if the unit investment trust is invested exclusively in unaffiliated mutual funds.

All applicable securities rules and regulations will be strictly enforced. Pointe Capital Management will not permit and has instituted controls against insider trading.

Adviser Representatives and administrative personnel who do not follow the Adviser's Code of Ethics or who in any way violate securities rules and regulations, or who fail to report known or suspected violations will be disciplined or terminated, depending upon severity. Such persons could also face action by the SEC and/or state securities regulators.

The Adviser emphasizes the unrestricted right of clients to decline to implement any advice rendered, in whole or part. Where the Adviser is granted discretionary authority of the client's accounts, clients are welcome to set investment parameters and/or limitations in writing and such direction is followed until such time the client's instructions are amended in writing.

Clients are welcome to request a copy of the Adviser's Code of Ethics by contacting the Adviser's office.

#### **B. RECOMMENDATIONS INVOLVING MATERIAL FINANCIAL INTERESTS**

Pointe Capital Management does not recommend that clients buy or sell any security in which any of Pointe Capital Management's related persons have a material financial interest (such as ownership or control of an investment vehicle).

#### **C. INVESTING PERSONAL MONIES IN THE SAME SECURITIES AS CLIENTS**

The Adviser has established written policies and procedures for staff persons who may invest personal monies. Pointe Capital Management and/or individuals associated with Pointe Capital Management may have similar investment goals and objectives and as a result may buy or sell securities for their personal accounts that may be identical to or different from those recommended to clients. Thus, at times the interests of the Adviser's or staff members' accounts may coincide with the interests of client's accounts. However, at no time will the Adviser or any related person receive an added benefit or advantage over clients with respect to these transactions nor will the Adviser or its associated persons place itself in a position to have added benefit as a result of advice given to clients.

#### **D. TRADING SECURITIES AT / AROUND THE SAME TIME AS CLIENTS**

The Adviser has established written policies and procedures for staff persons who may invest personal monies. Pointe Capital Management and its Adviser Representatives acknowledge the Adviser's fiduciary responsibility to place the investment needs of clients ahead of the Adviser and its staff.

The interests of clients are held in the highest regard. At no time will the Adviser or any related person receive an added benefit or advantage over clients with respect to these transactions. The Adviser and its associated persons will not place itself in a position to have added benefit as a result of advice given to clients.

The staff of Pointe Capital Management shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.

The Adviser has established trading policies for its access persons. Paul Huebner, the Chief Compliance Officer of Pointe Capital Management, is responsible for the monitoring of personal trading conducted by staff.

When the Adviser is purchasing or considering for purchase any security on behalf of a client, no Access Person of the Adviser may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when the Adviser is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. 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.

## **ITEM 12: BROKERAGE PRACTICES**

### **A. FACTORS USED TO SELECT CUSTODIANS AND/OR BROKER/DEALERS**

Pointe Capital Management is a fee-only investment advisory firm. The Adviser recommends the services of Pershing, LLC ("*Pershing*") and participates in the custodial firms' institutional program for independent advisers, Pershing Adviser Solutions, LLC.

Factors which the Adviser considers in recommending Pershing or any other broker-dealer, to clients include their respective financial strength, reputation, execution, pricing, research, and service (to the client and the Adviser).

Pershing has been in the business for nearly 80 years and has execution capabilities in over 65 exchanges throughout the world. As the largest provider of services, Pershing also provides professional and comprehensive support services to various financial services firms, including independent investment advisers. Pershing enables the Adviser to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Pershing may be higher or lower than those charged by other broker-dealers.

If the client requests the Adviser to arrange for the execution of securities brokerage transactions for the client's account, the Adviser shall direct such transactions through broker-dealers that the Adviser reasonably believes will provide best execution. Transactions may be cleared through other broker-dealers with whom the Adviser and the Financial Institution(s) have entered into agreements for prime brokerage clearing



services. The brokerage commissions and/or transaction fees charged by Pershing or any other designated broker-dealer are exclusive of and in addition to the Adviser's fee.

The Adviser shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution. The Adviser's Chief Compliance Officer, Paul Huebner, remains available to address any questions that a client or prospective client may have regarding the Adviser's brokerage arrangements and any corresponding perceived conflict of interest such arrangements may create.

The commissions paid by the Adviser's clients shall comply with the Adviser's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Adviser determines, in good faith, that the commission is 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 broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while the Adviser will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

## **1. RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

Pointe Capital Management receives general research, discounts on products and various back-office support services in connection with client securities transactions from Pershing, LLC, ("*Pershing*"), the Adviser's recommended custodial firm. These benefits are known as "soft dollar" benefits.

Section 28(e) of the Securities Exchange Act of 1934, as amended (15 U.S.C. § 78bb (e)), establishes a safe harbor for money managers who use client funds to purchase brokerage and research services for their managed accounts. Under Section 28(e), a money manager is protected from liability for a breach of fiduciary duty solely on the basis of having paid more than the lowest commission rate for "brokerage and research services provided by a broker-dealer," the manager determines in good faith that the amount of the commission is reasonable in relation to the value of such services.

Pointe Capital Management participates in Pershing's institutional program for independent Registered Investment Advisers. While there is no direct linkage between the investment advice given and the participation in a custodial firm's institutional program, economic benefits are received by the Adviser which would not be otherwise, if the Adviser did not give advice to clients.

In fulfilling its duties to its clients, Pointe Capital Management endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the Adviser's receipt of economic benefits from a broker-dealer/custodian creates a conflict of interest since these benefits may influence the Adviser's choice of broker-dealer over another broker-dealer that does not furnish similar fee benefits, software access/discounts, systems support, back office administrative support or other services.

Services received that benefit clients include access to a broad range of investment products, execution of securities transactions and custody of client assets. The investment products available through Pershing include some which the Advisor might not otherwise have access or that would require a significantly higher minimum investment by our clients. The custodial services described in this paragraph generally benefit you and your account.

Services that may not directly benefit clients are those products and services that our recommended custodians make available to Pointe Capital Management but may not directly benefit our clients or their accounts. These products and services assist the Adviser in managing and administering our client's accounts and include investment research (both the broker/dealers' and that of third parties). We may use this research to service all or some substantial number of our client's accounts, including those maintained away from the broker/dealer providing the research. In addition to research, the service providers also make available software and other technology that provides access to client account data (such as duplicate trade confirmations and account statements); facilitates trade execution and allocation of orders for multiple accounts; provides pricing and other market data, facilitates payment of advisory fees from client accounts and assists with back-office functions, recordkeeping and client reporting.

Services that generally benefit only the Adviser are those other benefits intended to help the Adviser manage and further develop its business enterprise. These services include educational conferences and events as well as technology. Services include access to general compliance, legal and business consulting as well as publications and conferences on practice management and business succession. The service provider may also offer access to employee benefit providers, human capital consultants and insurance providers. Service providers may provide these services themselves and in other cases, they will arrange for third-party vendors to provide services to the Adviser. Pershing may also discount or waive fees for some services or pay all or a portion of a third-party's fees. Pershing may also provide us with other benefits such as occasional business entertainment of our personnel.

## **2. BROKERAGE FOR CLIENT REFERRALS**

Pointe Capital Management does not engage in referral arrangements with broker/dealers or other third parties in exchange for using a broker/dealer or third party.

## **3. CLIENTS DIRECTING USE OF BROKER / DEALER / CUSTODIAN**

Consultation clients are welcome to utilize any service provider they may choose and are welcome to implement any advice or recommendations in whole or in part.

As outlined in Item 1 of this section, the client may direct the Adviser in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Adviser will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker/dealers with orders for other accounts managed by the Adviser (as described below). As a result, the client may pay higher commissions or other transaction costs



or greater spreads or receive less favorable net prices on transactions for the account than would otherwise be the case. If the Adviser agrees to the arrangement, Pointe Capital Management will continue to use the client's preferred service provider until the client directs otherwise in writing. Subject to its duty of best execution, the Adviser may decline a client's request to direct brokerage if, in the Adviser's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

#### **B. AGGREGATION (BLOCK) TRADING FOR MULTIPLE CLIENT ACCOUNTS**

Transactions for each client generally will be effected independently, unless the Adviser decides to purchase or sell the same security(s) for several clients at approximately the same time. The Adviser 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 Adviser's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Due to the individualized nature of services, however, large orders of securities are not always consistent with the nature of the Adviser's services. Aggregation is undertaken in firms processing large orders of securities in order to realize more effective trade execution and the cost efficiencies that come from executing larger order sizes. In each case, the Adviser strives to allocate investment opportunities or trades among its clients in a manner that is fair and equitable and based upon the client investment objectives.

Normally, under this procedure, when allocations are undertaken, transactions will generally be averaged as to price and allocated according to the Adviser's standard allocation procedure. This procedure considers the circumstances of each trade and always strives for fairness and cost-effectiveness to the client. In most cases when the Adviser executes only a partial fill of a targeted buy order or sell order, allocations will be prorated. To the extent that the Adviser determines to aggregate client orders for the purchase or sale of securities, including securities in which the Pointe Capital Management's Adviser Representatives may invest, the Adviser shall normally do so in accordance with applicable rules promulgated under the SEC's Investment Advisers Act and no-action guidance provided by the staff of the SEC. An allocation statement will be prepared, and any special circumstances or conditions will be outlined in connection with each event.

Certain issues may impact the Adviser's allocation under particular circumstances and in such cases, 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) 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. The Adviser receives no additional benefit as a result of the proposed aggregation.

The Adviser may utilize the custodian's prime broker program whereby the custodial

firm may effect clients' over-the-counter securities transactions on an agency basis. Typically, the service providers execute transactions based upon a number of factors.

These factors include: Size of order, trading characteristics of the security, favorable execution prices, access to reliable data, availability of efficient transaction processing and possible price reductions. In filling these orders, the service provider may transact with a market-making broker-dealer ("market maker") on the other side of the trade. A market maker may mark-up/down the price of securities for which it makes a market, which is a cost that will be incurred by the client in addition to any agency commissions assessed by the client's service provider. Normally, best price and execution is obtained for over-the-counter security transactions by executing directly with the market maker on a principal basis. Therefore, in some cases, clients may incur transaction costs, in addition to any commissions charged by their service provider, when trades in over-the-counter securities are effected on their behalf through that broker on an agency basis. The Adviser's choice to utilize the service provider's prime broker program or similarly termed service available through the selected service provider may limit or eliminate the Adviser's ability to obtain best price and execution in each case. In certain cases, a security may be purchased through another service provider and in such cases, the security purchased is then transferred to the client account at the client's selected custodian, and a "trade away" delivery fee is assessed to the client account.

Broker custody of client assets may limit or eliminate the Adviser's ability to obtain best price and execution of transactions in over-the counter securities.

In connection with Master Limited Partnerships (MLPs), the Adviser's employee-related accounts in the MLP / Infrastructure Strategy do not receive Initial Public Offering (IPO) allocations as the Adviser does not generally receive a full allocation for these types of IPOs. Employee-related accounts would buy these MLP investments once they were publicly traded in the secondary market.

**Trade error policy:** The Adviser seeks to conduct trading in a precise manner. On rare occasions, trade errors may occur. In such cases, the Adviser will act promptly to ensure the error is corrected promptly and where applicable, the client is made whole. The Adviser's process is to correct trade errors via its trade error account established with its preferred custodial firm. If there is any gain/loss from the trade error, Pershing posts the gain/loss to the Adviser's error account in accordance with their current internal policy.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. FREQUENCY AND NATURE OF PERIODIC REVIEWS**

The **Investment Management Services** provided by Pointe Capital Management are ongoing and involve continuous review and advice regarding the client's investment portfolio. The Adviser will conduct frequent internal reviews (no less than quarterly) of the client's portfolio. The timing of internal portfolio reviews may also be guided by the underlying assets of the portfolio, individual circumstances as reasonably known by

the Adviser, market conditions and the specific request of the client.

The Adviser requires that client reviews (via phone or in person) occur at least annually and, of course, at the client's request. However, Pointe Capital Management encourages frequent communications with the Adviser in order to continually review the client's situation and ongoing investment strategies. Clients are encouraged to call the office any time during business hours. Clients are obligated to notify the Adviser immediately if there is a change in the client's financial situation or if a change in the investment plan / strategy is desired in order to provide the Adviser with the opportunity to review the updated information and determine if there needs to be a change in the investment strategy(s).

Clients who do not desire intensive Investment Management Services may retain Pointe Capital Management on an hourly or project basis for **Consultation Services**, whereby the Adviser can provide financial or investment advice without ongoing monitoring or reviews of the account (unless otherwise outlined in the Client Agreement as may be the case with annual, ongoing services). Consultation Services terminate upon the delivery of services unless the Client Agreement provides for ongoing services. Advice provided during services may include recommendations for reviews or other follow-up services. It is then the client's responsibility to update his or her financial goals or investment strategies on his/her own or secure additional services from the Adviser under a new or amended Agreement.

**Retirement Plan Investment Manager Service – Review and Recommendations.**

Market conditions may cause diversified portfolios to vary from the allocation guidelines established in this Agreement. As set forth in the client agreement, Pointe Capital Management may provide general educational materials for participants in connection with rebalancing assets. Plan participants should be advised to educate themselves regarding the benefits of regular portfolio rebalancing (done on their own), and shall be encouraged to periodically rebalance their customized portfolios.

Pointe Capital Management will conduct internal portfolio reviews on a quarterly basis, but reviews may occur more frequently, as may be determined by the Adviser, depending on market trends or other variables. At the time of the review, the decision to recommend a revision to the suggested model(s) is normally based on many factors, including over or under valuation of particular asset classes and the degree to which the model has deviated from its intended risk level. Implementation will occur at the plan fiduciary level if the Adviser does not maintain discretion. Portfolio asset allocation models will be communicated in participant meetings as well as via mailings both to plan sponsor and individual plan participants.

**B. REVIEWERS**

Reviews are conducted by the Adviser's investment management personnel:

- Charles Huebner, Managing Member;
- Jeffrey Huebner, CFA®, Managing Member
- Paul Huebner, Managing Member and Chief Compliance Officer
- James Carroll, CFA®
- Elizabeth Ottaway, CFP®

### **C. FACTORS THAT MAY TRIGGER NON-PERIODIC REVIEWS**

The timing of internal portfolio reviews may also be guided by the underlying assets of the portfolio, individual circumstances as reasonably known by the Adviser, market conditions and the request of the client. Reviews may also be triggered by material market, economic or political events, or by reported changes in the client's financial situation (which may include but are not limited to: termination of employment, physical relocation, inheritance or retirement).

### **D. CONTENT AND FREQUENCY OF REGULAR REPORTS**

Clients can expect to receive normal confirmation statements for all transactions and a monthly/quarterly statement, directly from their custodial firm. The custodian's quarterly reports detail account value, net change, portfolio holdings, and all account activity. The Adviser may prepare additional portfolio data or post meeting communications at the Adviser's discretion. It is important that clients receive account statements directly from their custodial firm(s). Should a client find that custodial statements are not being received, the client must promptly communicate this issue to their custodial firm and Pointe Capital Management.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. ECONOMIC BENEFITS PROVIDED BY THIRD PARTIES FOR ADVICE RENDERED TO CLIENTS (INCLUDES SALES AWARDS OR OTHER PRIZES)**

Pointe Capital Management is a *fee-only* investment advisory firm and does not accept commissions or fees in connection with securities and/or insurance product sales. The Adviser and its Adviser Representatives do not accept economic benefits in the form of sales awards, prizes or other compensation tied to "sales", either directly or indirectly from any third party.

### **B. COMPENSATION TO NON-ADVISORY PERSONNEL FOR REFERRALS**

On occasion, Pointe Capital Management may engage in a written agreement to compensate an unaffiliated party (such as an investment adviser or other professional) for client referrals. In many cases, the referring investment adviser may continue to act as the referred client's primary investment adviser.

Each referring party will execute the Adviser's Solicitor Agreement. At the time of each referral, the referring party is responsible for ensuring prompt delivery of certain disclosure materials to each referred investor. These disclosures include: Pointe Capital Management's Form ADV 2, written disclosure materials, which detail the fees associated with referral services, and any other documentation required by securities rules and regulations.

Pointe Capital Management retains the right to decline advisory services to any referred investor and for any reason. In some cases, the services offered by the Adviser may not be a good match based on what is known about the referred investor

or the investor may wish to engage in trading strategies that are not offered by the Adviser.

#### **ITEM 15: CUSTODY**

Pointe Capital Management does not take custody of client accounts (funds or securities) but does maintain access to deduct contractually agreed advisory fees and to place trades, with appropriate client authorization. Client accounts are custodied at Pershing, Member FINRA, NYSE, SIPC, or the client's selected custodial firm.

Clients can expect to receive regular and customary account statements from the custodian and should carefully review those statements. If clients find that statements are not being received directly, they must promptly contact Pointe Capital Management and their custodial firm.

In all cases, clients have a direct and beneficial interest in their securities (individual ownership), rather than an undivided interest in a pool of securities. Execution of transactions and custody of client funds and securities are services provided by the client's selected brokerage/custodial services provider(s).

The Adviser's access to client accounts is limited to directing transactions (where discretionary authority has been granted to the Adviser) or to directing transactions with the client's expressed authorization. Additionally, the Adviser will have access to coordinate the deduction of contractually agreed upon advisory fees via the client's custodian, where client authorization has been granted. In each instance where fee deduction occurs, it is important that clients receive custodial statements directly.

#### **ITEM 16: INVESTMENT DISCRETION**

Clients engaging Pointe Capital Management for Investment Management Services have the ability to leave standing instructions with the Adviser to refrain from investing in particular industries, invest in limited amounts of securities and to re-balance portfolios (also termed as "limited discretion").

With the client's authorization as provided in the custodial account forms and the Adviser's Client Agreement, Pointe Capital Management will maintain limited discretionary trading authority to execute securities transactions in the investor's portfolio within investor's designated investment objectives, to include the securities to be bought and sold, and the amount of securities to be bought and sold. The Adviser will never have full power of attorney nor will the Adviser ever have authority to withdraw funds or to take custody of investor funds or securities other than the ability to deduct advisory fees via the qualified custodian and only with the client's authorization.

The Adviser also may render non-discretionary investment management services to its clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual accounts held through employer-sponsored retirement plans. In so doing, the Adviser either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or

the retirement plan. The client assets shall be maintained at either the specific insurance company that issued the variable life/annuity product and are owned by the client, or at the custodian designated by the sponsor of the client's retirement plan. Investments and service providers relative to Plan offerings are limited to only those available through the respective Plans and are determined by the Plan Sponsor(s).

## **ITEM 17: VOTING CLIENT SECURITIES**

Clients retain the authority to vote proxies and should ensure that proxy materials are mailed directly to them or their authorized third party. Normally, custodial account forms allow clients to provide directions relating to proxies. The Adviser will not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies.

While Pointe Capital Management does not vote proxies for clients, it is available to assist clients with questions and concerns relating to proxies. The Adviser does not engage in proxy-related discussions with non-clients and does not solicit proxies.

In the event Pointe Capital Management's advice is solicited by its clients, the Adviser shall abide by the following conditions:

- Pointe Capital Management will disclose any significant relationship with the issuer, its affiliates or a security holder proponent of the matter on which proxy voting advice is given, as well as any material interest of our Adviser in the matter.
- The Adviser will not accept any form of special consideration from any person, other than the security holder recipient thereof, in exchange for furnishing voting advice, and;
- Voting advice will not be furnished on behalf of any person soliciting proxies, or on behalf of a participant in an election contest subject to SEC Rule 14a-11.
- The Adviser shall not communicate with the press concerning a proxy.
- Pointe Capital Management does not solicit proxies.

Deviations from these policies will result in a prompt amendment of this Brochure and may require the Adviser to comply with SEC Proxy Registration Rules.

## **ITEM 18: FINANCIAL INFORMATION**

### **A. BALANCE SHEET**

Pointe Capital Management is not required to include a business balance sheet with this Brochure. The Adviser does not require nor solicit prepayment of more than \$1200 in fees per client and six months or more in advance of services. Pointe Capital Management does not maintain custody of client funds or securities but has



only limited access to managed accounts as necessary to engage in trading and to deduct contractually agreed upon quarterly investment management fees. Such access is only permitted with the appropriate client authorization.

**B. FINANCIAL CONDITIONS REASONABLY LIKELY TO IMPAIR THE ADVISER'S ABILITY TO MEET CONTRACTUAL COMMITMENTS TO CLIENTS**

Pointe Capital Management does not have any financial conditions that are likely to reasonably impair the Adviser's ability to meet contractual commitments to clients.

**C. BANKRUPTCY PETITIONS IN PREVIOUS TEN YEARS**

Pointe Capital Management has never been party to a bankruptcy.

**PRIVACY POLICY**

As a federally regulated Registered Investment Adviser, Pointe Capital Management is covered under the definition of a "financial institution" in the Gramm-Leach-Bliley Act (the "Act"). The Adviser is therefore subject to Act as well as the rules of privacy imposed on Investment Advisors by the United States Securities and Exchange Commission's ("SEC") Privacy Rule ("Regulation S-P").

Privacy of nonpublic personal information is an issue that the staff of Pointe Capital Management takes seriously.

To maintain compliance with Regulation S-P and the Act, every broker, dealer, investment company and investment adviser is required to adopt policies and procedures reasonably designed to safeguard customer records and information. In its role as an Investment Adviser, Pointe Capital Management routinely collects nonpublic personal information from clients and prospective clients. This information generally will include but is not limited to:

- Information provided from applications, forms and other information provided to us either verbally or in writing, and include but are not limited to your name, address, phone number, account information, social security number, assets, employment, income and debt;
- Information about your transactions, accounts, trading activity and parties to transactions; health and beneficiary information (such as may pertain to planning issues);
- Information from other outside sources;
- Any other data that is deemed to be nonpublic personal information as defined by the Act and the SEC's Privacy Rule.

Pointe Capital Management values our clients' trust and confidence. We will never sell the nonpublic personal information we obtain from consumers or clients.

All information provided by clients or prospective clients to Pointe Capital Management, (including the Adviser's personnel), and information and advice furnished by the Adviser to clients, shall be treated as confidential and shall not be disclosed to unaffiliated third parties, except as directed by clients with written authorization, by application to facilitate the investment advisory services offered by the Adviser via an unaffiliated financial services provider (such as the client's custodial firm), or as required by any rule, regulation or law to which the Adviser or its staff may be subject.

Pointe Capital Management maintains client records in a controlled environment and records (electronic and otherwise) are only available to authorized persons of the Adviser who have a need to access client information in order to deliver advisory services, provide administrative support, or to respond to client requests. The Adviser takes reasonable steps to help ensure that its electronic network is secure.

Pointe Capital Management's position on protecting non-public personal information extends beyond the life of the Advisory Agreement. Client information is retained in a protected manner for the time period required by regulators (five years from the date of last use) and thereafter is safely destroyed electronically, via in-house shredding, or via a contracted secure shredding service.

Consumers (non-clients) who provide data during an initial consultation or for other purposes but do not go on to become clients of the Adviser also receive privacy protection. Original information is promptly returned in person or via the mail, if the Adviser's services are not engaged. Alternatively, if nonpublic personal information is contained in copies of documents, notes or some other media, this information will be securely filed for a period of up to one year (depending upon likelihood of engagement) before it is securely destroyed in the same manner as described above.

Clients are encouraged to discuss any questions regarding Pointe Capital Management's privacy policies and procedures with their Investment Manager or Paul Huebner, Pointe Capital Management's Chief Compliance Officer.