



**Red Spruce Capital, LLC**

**Form ADV Part 2A – Disclosure Brochure**

**Effective: January 16, 2024**

This Disclosure Brochure provides information about the qualifications and business practices of Red Spruce Capital, LLC (“Red Spruce”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (610) 727-4270 or by email at [info@redsprucecapital.com](mailto:info@redsprucecapital.com).

Red Spruce is a Registered Investment Advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Red Spruce to assist you in determining whether to retain the Advisor.

Additional information about Red Spruce and its advisory persons are available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Red Spruce Capital, LLC**  
**CRD No: 158720**  
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## Item 2 – Material Changes

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Since our last update in January 2023 there have been no material changes made to this disclosure brochure.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Red Spruce.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

To review the firm information for Red Spruce:

- Click **Investment Advisor Search** in the left navigation menu.
- Select the option for **Investment Advisor Firm** and enter **158720** (our firm's CRD number) in the field labeled "Firm IARD/CRD Number".
- This will provide access to Form ADV Part 1 and Part 2.
- Item 11 of the ADV Part 1 lists legal and disciplinary questions regarding the Advisor.
- In the left navigation menu, Form ADV Part 2 is located near the bottom.

You may also request a copy of this Disclosure Brochure at any time, by contacting us at (610) 727-4270 or by email at [info@redsprucecapital.com](mailto:info@redsprucecapital.com).

### **Item 3 – Table of Contents**

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<b>Item 1 – Cover Page</b>	<b>1</b>
<b>Item 2 – Material Changes</b>	<b>2</b>
<b>Item 3 – Table of Contents</b>	<b>3</b>
<b>Item 4 – Advisory Business</b>	<b>4</b>
A. Firm Information	4
B. Advisory Services Offered	4
C. Client Account Management	5
D. Wrap Fee Programs	5
E. Assets Under Management	5
F. Rollover Recommendations	5
<b>Item 5 – Fees and Compensation</b>	<b>6</b>
A. Fees for Advisory Services	7
B. Fee Billing	7
C. Other Fees and Expenses	7
D. Advance Payment of Fees and Termination	8
E. Compensation for Sales of Securities	8
<b>Item 6 – Performance-Based Fees and Side-By-Side Management</b>	<b>8</b>
<b>Item 7 – Types of Clients</b>	<b>8</b>
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss</b>	<b>9</b>
A. Methods of Analysis	9
B. Risk of Loss	10
<b>Item 9 – Disciplinary Information</b>	<b>11</b>
<b>Item 10 – Other Financial Industry Activities and Affiliations</b>	<b>11</b>
<b>Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b>	<b>11</b>
A. Code of Ethics	11
B. Personal Trading and Conflicts of Interest	12
<b>Item 12 – Brokerage Practices</b>	<b>12</b>
A. Recommendation of Custodian[s]	12
B. Aggregating and Allocating Trades	13
<b>Item 13 – Review of Accounts</b>	<b>13</b>
A. Frequency of Reviews	14
B. Causes for Reviews	14
C. Review Reports	14
<b>Item 14 – Client Referrals and Other Compensation</b>	<b>14</b>
A. Compensation Received by Red Spruce	14
B. Client Referrals from Solicitors	14
<b>Item 15 – Custody</b>	<b>14</b>
<b>Item 16 – Investment Discretion</b>	<b>14</b>
<b>Item 17 – Voting Client Securities</b>	<b>15</b>
<b>Item 18 – Financial Information</b>	<b>15</b>
<b>Privacy Policy</b>	<b>15</b>

## **Item 4 – Advisory Business**

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### **A. Firm Information**

Red Spruce Capital, LLC (“Red Spruce” or the “Advisor”) is a Registered Investment Advisor with the U.S. Securities and Exchange Commission, which is organized as a Limited Liability Company (LLC) under the laws of the Commonwealth of Pennsylvania. Red Spruce was founded in June, 2011 and is owned and operated by Managing Member & Chief Compliance Officer Mark Vasquez and Managing Member Amish Desai. This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Red Spruce.

### **B. Advisory Services Offered**

Red Spruce offers investment advisory services to individuals, high net worth individuals, businesses, trusts and estates in Pennsylvania and other states (each referred to as a “Client”). Red Spruce acts as a fiduciary when providing investment advisory services. This means that Red Spruce must act in the best interests of the Client and put the best interests of the Client ahead of the best interests of the Advisor. At the same time, Red Spruce has a conflict of interest in recommending that the Client choose the Advisor to provide investment advisory services or recommend a rollover transaction resulting in the Advisor receiving management fees. The Advisor only receives compensation from the Client if the Client engages the Advisor to manage the Account, and does not receive compensation if the Client does not engage the Advisor to manage the Account.

### **Portfolio Management Service**

Red Spruce provides customized investment advisory solutions for its Portfolio Management Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and consulting services. Red Spruce works with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio allocation. Red Spruce typically provides investment advice on individual securities (e.g. stocks, bonds), low-cost, diversified mutual funds and/or exchange-traded funds (“ETFs”) to achieve the Client’s investment goals. Although we generally limit our advice to the investment products listed previously, we reserve the right to offer advice on any product that may be suitable for each client’s specific circumstances, needs, goals and objectives.

Red Spruce’s investment strategy is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. Red Spruce will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to the acceptance by the Advisor.

Red Spruce may recommend, on occasion, redistributing investment allocations to diversify the portfolio. Red Spruce may recommend specific positions to increase sector or asset class weightings.

The Advisor may recommend employing cash positions as a possible hedge against market movement, which may adversely affect the portfolio. Red Spruce may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

Given the customized nature of the Portfolio Management service offering, Red Spruce may at any time acquire, increase, decrease or dispose of portions of investments for a Client's account which are at the same time being acquired, held, or disposed of for any other Client account. Red Spruce and its directors, officers, affiliates, and employees may at any time acquire, increase, decrease or dispose of portions of investments which are at the same time being acquired, held, or disposed of for any account.

### **C. Client Account Management**

Prior to engaging Red Spruce to provide investment advisory services, each Client is required to enter into an Investment Advisory Agreement with the Advisor that defines the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Policy Statement – Red Spruce, in connection with the Client, will develop a statement that summarizes the Client's investment goals and objectives along with the broad strategy[ies] to be employed to meet the objectives. An Investment Policy Statement generally includes specific information on the Client's stated goals, time horizon for achieving the goals, investment strategies, Client risk tolerance and any restrictions imposed by the Client.
- Asset Allocation – Red Spruce will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – Red Spruce will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – Red Spruce will provide investment management and ongoing oversight of the Client's portfolio and overall account.

### **D. Wrap Fee Programs**

Red Spruce does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by Red Spruce.

### **E. Assets Under Management**

The amount of client's assets managed by Red Spruce Capital totaled \$200,695,548 as of December 31, 2023. All assets are managed on a discretionary basis. Red Spruce does not manage client account on a non-discretionary basis. Clients may request more current information at any time by contacting the Advisor.

### **F. Rollover Recommendations**

When Red Spruce provides investment advice about your retirement plan account or individual retirement account ("IRA") including whether to maintain investments and/or proceeds in the retirement plan account, roll over such investment/proceeds from the retirement plan account to an IRA or make a distribution from the retirement plan account, we acknowledge that Red Spruce is a

“fiduciary” within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”) as applicable, which are laws governing retirement accounts. The way Red Spruce makes money creates conflicts with your interests so Red Spruce operates under a special rule that requires Red Spruce to act in your best interest and not put our interest ahead of you.

Under this special rule’s provisions, Red Spruce must as a fiduciary to a retirement plan account or IRA under ERISA/IRC:

- Meet a professional standard of care when making investment recommendations (e.g., give prudent advice);
- Never put the financial interests of Red Spruce ahead of you when making recommendations (e.g., give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that Red Spruce gives advice that is in your best interest;
- Charge no more than is reasonable for the services of Red Spruce; and
- Give Client basic information about conflicts of interest.

To the extent Red Spruce recommends you roll over your account from a current retirement plan account to an individual retirement account managed by Red Spruce, please know that Red Spruce and our Portfolio Managers have a conflict of interest. Red Spruce receives no compensation from you if you do not hire us to manage your account. Thus, our Portfolio Managers have an economic incentive to recommend a rollover of funds from a retirement plan to an IRA which is a conflict of interest because our recommendation that you open an IRA account to be managed by our firm can be based on our economic incentive and not based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

We have taken steps to manage this conflict of interest. We have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in Red Spruce receiving unreasonable compensation related to the rollover of funds from the retirement plan to an IRA, and (iii) fully disclose compensation received by Red Spruce and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

When providing advice to you regarding a retirement plan account or IRA, our Portfolio Managers will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client’s needs, without regard to the financial or other interests of Red Spruce or our affiliated personnel.

## **Item 5 – Fees and Compensation**

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The following paragraphs detail the fee structure and compensation methodology for investment management. Each Client shall sign an Investment Advisory Agreement that details the responsibilities of Red Spruce and the Client.

**A. Fees for Advisory Services**

Portfolio Management Services

Investment Advisory Fees are paid quarterly in advance pursuant to the terms of the Investment Advisory Agreement. Investment Advisory Fees are based on the market value of assets under management at the end of each calendar quarter. The Investment Advisory Fee for Portfolio Management Services is 1.00% per annum. Fees may be negotiable at the sole discretion of the Advisor based on the relationship of the client with the investment adviser representative.

Investment Advisory Fees in the first quarter of service are prorated to the inception date of the account to the end of the first quarter. All securities held in accounts managed by Red Spruce will be independently valued by the designated Custodian. Red Spruce will not have the authority or responsibility to value portfolio securities.

The Advisor's fee is exclusive of, and in addition to brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs. Expenses related to the ordinary servicing of the Account, including custody fees, security transaction commission fees, and/or program fees shall be paid by the Advisor. Regulatory SEC transaction fees, other non-ordinary fees or fees incurred at the direction of the Client shall be paid by the Client.

It should be noted that lower fees for comparable services are available from other sources.

**B. Fee Billing**

Portfolio Management Services

Investment Advisory Fees will be automatically deducted from the Client Account by the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client Account at the respective quarter end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4 to the total assets under management with Red Spruce at the end of each quarter). Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the Investment Advisory Fee. In addition, the Advisor will provide the Client a report itemizing the fee, including the calculation period covered by the fee, the account value and the methodology used to calculate the fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting Red Spruce to be paid directly from their accounts held by the Custodian as part of the Investment Advisory Agreement and separate account forms provided by the Custodian.

**C. Other Fees and Expenses**

Certain fees or charges imposed by third-parties, other than Red Spruce, in connection with investment made on behalf of the Client's account[s] may be incurred. Red Spruce is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Investment Advisory



Fee charged by Red Spruce is separate and distinct from these custodian and execution fees. Please refer to Item 12 Brokerage Practices for more information.

In addition, you may incur certain charges imposed by third parties other than Red Spruce in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Red Spruce are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. A Client could invest in these products directly, without the services of Red Spruce, but would not receive the services provided by Red Spruce which are designed, among other things, to assist the Client in determining which products or services are most appropriate to each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Red Spruce to fully understand the total fees to be paid.

#### **D. Advance Payment of Fees and Termination**

##### **Portfolio Management Services**

Red Spruce is compensated for its services in advance for the quarter in which investment advisory services are rendered. Clients may request to terminate their Investment Advisory Agreement with Red Spruce, in whole or in part, by providing advance written notice. The Client shall be responsible for Investment Advisory Fees up to and including the effective date of termination. Upon termination, the Advisor will refund any unearned, prepaid Investment Advisory Fees from the effective date of termination to the end of the quarter. The Advisor will process each refund by sending the Client a check to the address on record via regular mail. The Client's Investment Advisory Agreement with the Advisor is non-transferable without Client's written approval.

Clients have five business days after signing the client agreement to terminate the client agreement without penalty and receive a full refund.

#### **E. Compensation for Sales of Securities**

Red Spruce does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the Investment Advisory Fees noted above.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

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Red Spruce does not charge performance-based fees for its investment advisory services. The fees charged by Red Spruce are as described in Item 5 – Fees and Compensation above and are not based upon the capital appreciation of the funds or securities held by any Client.

Red Spruce does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

#### **Item 7 – Types of Clients**

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Red Spruce provides investment advisory services to:

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Red Spruce Capital, LLC  
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[www.redsprucecapital.com](http://www.redsprucecapital.com)



- Individuals, personal trusts, estates (i.e. private investors that are investing their personal assets)
- Corporations – Taxable entities organized for a specific business purpose or investing cash reserves

The relative percentage each type of Client is available on Red Spruce's Form ADV Part 1. These percentages will change over time. Red Spruce generally does not impose a minimum account size for establishing a relationship.

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

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### **A. Methods of Analysis**

Red Spruce employs fundamental analysis methods in developing investment strategies for its Clients.

Fundamental Analysis is a method of evaluating a security by 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 individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. 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.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

Research and analysis from Red Spruce is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

As noted above, Red Spruce generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Red Spruce will typically hold all or a portion of a security for more than a year but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Red Spruce may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

## **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Red Spruce will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process.

Red Spruce may use margin in Client accounts to manage the timing of purchases and sales, as appropriate. Red Spruce may employ options strategies to hedge or gain additional exposure to a particular asset class or sector. Red Spruce's investment strategy encompasses active trading in concentrated portfolios. Following are some of the risks associated with Options, Margin and Short-Sale transactions:

### Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

### Margin Borrowings

The use of short-term margin borrowings may result in certain additional risks to a Client. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

### Short Sales

A short sale involves the sale of a security that the Client does not own in the hope of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the Client must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Client realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Client covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

### Concentrated Portfolios

Concentrated portfolios are an aggressive and highly volatile approach to trading and investing and should be viewed as complementary to a stable, highly predictable investment approach. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic price swings. In addition, the rise or drop in price of any given holding in the portfolio is likely to have a larger impact on portfolio performance, than a more broadly diversified portfolio.

### Frequent Trading

Frequent trading in securities can result in higher transaction costs in the Client's account[s]. For taxable accounts, frequent trading can also result in taxable transactions each year that would not be present in a buy-and-hold strategy. There are no guarantees that a frequent trading strategy will correctly time purchases and sales of any particular security.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor. For more information on our investment management services, please contact us at (610) 727-4270 or via email at [info@redsprucecapital.com](mailto:info@redsprucecapital.com).**

### Item 9 – Disciplinary Information

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**There are no legal, regulatory or disciplinary events involving Red Spruce or any of its employees.** Red Spruce and its advisory personnel value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider in which you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To review the firm information contained in ADV Part 1, select the option for Investment Adviser Firm and enter **158720** in the field labeled "Firm IARD/CRD Number". This will provide access to Form ADV Parts 1 and 2. Item 11 of the ADV Part 1 lists legal and disciplinary questions. You may also research the background of Mark Vasquez or Amish Desai by selecting the Investment Adviser Representative and entering Mr. Vasquez's Individual CRD# **5961702** or Mr. Desai's Individual CRD# **5961705** in the field labeled "Individual CRD Number".

### Item 10 – Other Financial Industry Activities and Affiliations

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The sole business of Red Spruce and its employees is to provide investment advisory services to its Clients. Neither Red Spruce nor its advisory personnel are involved in other business endeavors. Red Spruce does not maintain any affiliations with other firms, other than contracted service providers to assist with the servicing of its Client's accounts.

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

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#### **A. Code of Ethics**

Red Spruce has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with Red Spruce. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to you,

our Client. Red Spruce and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Red Spruce associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. Red Spruce has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at (610) 727-4270 or via email at [info@redsprucecapital.com](mailto:info@redsprucecapital.com).

#### **B. Personal Trading and Conflicts of Interest**

Red Spruce allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities, we recommend (purchase or sell) to you presents a conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures.

To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Red Spruce.

As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you.

**At no time, will Red Spruce or any associated person of Red Spruce, transact in any security to the detriment of any Client.**

#### **Item 12 – Brokerage Practices**

##### **A. Recommendation of Custodian[s]**

Red Spruce does not have discretionary authority to select the broker-dealer/custodian for custodial and execution services or the administrator for defined contribution accounts. The Client will select the broker-dealer or custodian (herein the "custodian") to safeguard Client assets and authorize Red Spruce to direct trades to this custodian as agreed in the Investment Advisory Agreement. Further, Red Spruce does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where Red Spruce does not exercise discretion over the selection of the custodian, it may recommend the custodian[s] to Clients for execution and/or custodial services. Clients are not obligated to use the recommended custodian and will not incur any extra fee or cost associated with using a broker not recommended by Red Spruce. Red Spruce may recommend a custodian based on criteria such as, but not limited to, services made available to the Client, accessibility of qualified and competent personnel to assist with the servicing of Client accounts, and response time as it relates to servicing Client accounts. Red Spruce does not receive research services, other products, or compensation as a result of recommending a particular broker that may result in the Client paying higher commissions than those obtainable through other brokers.

Advisor is not affiliated with the brokerage firm. Broker does not supervise the advisor, its agents or its investment activities.

Following are additional details regarding the brokerage practices of the Advisor:

**1. *Soft Dollars*** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. **Red Spruce does not participate in soft dollar programs sponsored or offered by any broker-dealer.**

**2. *Brokerage Referrals*** - Red Spruce does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.

**3. *Brokerage Commission*** Advisor will pay all brokerage commissions incurred when Red Spruce places trades within the established account[s] at the custodian designated by the Client. In selecting the custodian, Red Spruce will not be obligated to select competitive bids on securities transactions and will not seek the lowest available transaction costs. These costs are determined by the designated custodian.

#### **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. Red Spruce will execute its transactions through an unaffiliated broker-dealer selected by the Client. Red Spruce may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

### **Item 13 – Review of Accounts**

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#### **A. Frequency of Reviews**

Accounts are monitored on a regular and continuous basis by Mark Vasquez and Amish Desai. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client. For Portfolio Management Clients, we offer to conduct quarterly conference calls and annual meetings to review their portfolios.

#### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify Red Spruce if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic or political events.

#### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the trustee or custodian. These brokerage statements are sent directly from the custodian to the Client. The Client may also establish electronic access to the custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s].

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

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#### **A. Compensation Received by Red Spruce**

Red Spruce is a fee-only advisory firm, who, in all circumstances, is compensated solely by the Client. Red Spruce does not receive commissions or other compensation from product sponsors, broker dealers or any un-related third party. Red Spruce may refer Clients to various third-parties to provide certain financial services necessary to meet the goals of its Clients. These referrals excluded third-party investment advisors but do include other service providers such as tax and insurance professionals. Red Spruce does not receive additional compensation for these referrals. Likewise, Red Spruce may receive referrals of new Clients from a third-party.

#### **B. Client Referrals from Solicitors**

Red Spruce does not engage paid solicitors for Client referrals.

### **Item 15 – Custody**

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Red Spruce does not accept or maintain custody of any Client accounts. All Clients must place their assets with a qualified custodian. Clients are required to select their own custodian to retain their funds and securities and direct Red Spruce to utilize that custodian for the Client's security transactions. Red Spruce encourages Clients to review statements provided by account custodian. Advisor is not affiliated with the custodian. The custodian does not supervise the advisor, its agents or its investment activities. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.



## **Item 16 – Investment Discretion**

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Red Spruce has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Red Spruce. Discretionary authority will only be authorized upon full disclosure to the Client. Each client will grant the Advisor Discretionary Authority by signing an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Red Spruce will be in accordance with each Client's investment objectives and goals.

## **Item 17 – Voting Client Securities**

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Red Spruce does not accept proxy-voting responsibility for any Client. We will also not be able to provide clients with advice concerning any proxy voting questions they may have. We have determined that taking on the responsibilities for voting client securities or advising clients on the proxy voting process does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided.

## **Item 18 – Financial Information**

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- Neither Red Spruce, nor its management has any adverse financial situations that would reasonably impair the ability of Red Spruce to meet all contractual commitments to its Clients.
- Neither Red Spruce, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise.
- Red Spruce is not required to deliver a balance sheet along with this Brochure as the firm does not collect advance fees for services to be performed six months or more in advance.



## **Privacy Policy**

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Effective: June 21, 2022

### **Our Commitment to You**

Red Spruce Capital, LLC (“Red Spruce”) is committed to safeguarding the use of your personal information that we have as your Investment Advisor. Red Spruce (referred to as "we", "our" and "us" throughout this notice) protects the security and confidentiality of the personal information we have and make efforts to ensure that such information is used for proper business purposes in connection with the management or servicing of your account. Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything we can to maintain that trust.

We do not sell your non-public personal information to anyone. Nor does Red Spruce provide such information to others except for discrete and proper business purposes in connection with the servicing and management of your account as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this privacy policy.

### **The Information We Collect About You**

You typically provide personal information when you complete the paperwork required to become our Client. This information may include your:

• Name and address	• Assets
• E-mail address	• Income
• Phone number	• Account balance
• Social security or taxpayer identification number	• Investment activity
	• Accounts at other institutions

In addition, we may collect non-public information about you from the following sources:

- Information we receive on Brokerage Agreements, Managed Account Agreements and other Subscription and Account Opening Documents;
- Information we receive in the course of establishing a customer relationship including, but not limited to, applications, forms, and questionnaires;
- Information about your transactions with us or others

### **Information About You That Red Spruce Shares**

Red Spruce works to provide products and services that benefit our customers. We may share non-public personal information with non-affiliated third parties (such as brokers and custodians) as necessary for us to provide agreed services and products to you consistent with applicable law. We may also disclose non-public personal information to other financial institutions with whom we have joint business arrangements for proper business purposes in connection with the management or servicing of your account. In addition, your non-public personal information may also be disclosed to you, persons we believe to be your authorized agent or representative, regulators in order to satisfy Red Spruce's regulatory obligations, and is otherwise required or permitted by law. Lastly, we may disclose your non-public personal information to companies we hire to help administrate our business. Companies we hire to provide services of this kind are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality. We limit their use of your personal information to the performance of the specific service we have requested.

**To repeat, we do not sell your non-public personal information to anyone.**

### **Information About Former Clients**

Red Spruce does not disclose, and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our clients.

### **Confidentiality and Security**

Our employees are advised about the firm's need to respect the confidentiality of our customers' non-public personal information. Additionally, we maintain physical, procedural and electronic safeguards in an effort to protect the information from access by unauthorized parties.

### **We'll Keep You Informed**

We will send you notice of our privacy policy annually for as long as you maintain an ongoing relationship with us. Periodically we may revise our privacy policy and will provide you with a revised policy if the changes materially alter the previous privacy policy. We will not, however, revise our privacy policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing. You may obtain a copy of our current privacy policy by contacting us at (610) 727-4270 or via email at [info@redsprucecapital.com](mailto:info@redsprucecapital.com).