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## **Form ADV, Part 2A Brochure**

January 30, 2024

This brochure provides information about the qualifications and business practices of Spinnaker Investment Group, LLC. If you have any questions about the contents of this brochure, please contact us at 949-396-6700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Spinnaker Investment Group, LLC or any person associated with Spinnaker Investment Group, LLC has achieved a certain level of skill or training.

Additional information about Spinnaker Investment Group, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 - MATERIAL CHANGES

**Revised January 23, 2024**

The purpose of this page is to inform you of material changes to our brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

Spinnaker Investment Group, LLC (“Spinnaker Investment Group”) reviews and updates our brochure at least annually to confirm that it remains current.

The material changes in this brochure from the last annual updating amendment of Spinnaker Investment Group, LLC on February 3, 2023, are described below. Material changes relate to Spinnaker Investment Group, LLC’s policies, practices or conflicts of interests.

- Item 15 was updated to disclose Spinnaker Investment Group may also be deemed to have custody over the funds and securities of trust accounts for which it or its related persons serve as trustee.

If you wish to receive a complete copy of our Form ADV Part 2A brochure, please contact Morgan R. Christen at (949) 396-6703 or [morgan@spininvest.com](mailto:morgan@spininvest.com). Spinnaker Investment Group’s Brochure is also available on our web site [www.spininvest.com](http://www.spininvest.com), also free of charge.

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## ITEM 4 - ADVISORY BUSINESS

Spinnaker Investment Group, LLC (“Spinnaker Investment Group”) offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Spinnaker Investment Group rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Spinnaker Investment Group setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Spinnaker Investment Group began conducting business as an investment adviser in May 2016, and is wholly owned by Morgan Christen, Joseph Stapleton and Andrew Krongold.

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

### Financial Planning Services

Spinnaker Investment Group offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Charitable Giving
- Distribution Planning
- Tax Planning

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, Spinnaker Investment Group is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Spinnaker Investment Group may recommend clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage Spinnaker Investment Group or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding

implementation and are under no obligation to act upon any of the recommendations made by Spinnaker Investment Group under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Spinnaker Investment Group's recommendations and/or services.

## **Investment and Wealth Management Services**

Spinnaker Investment Group provides clients with wealth management services which includes a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios.

Spinnaker Investment Group primarily allocates client assets among various mutual funds and exchange-traded funds ("ETFs") in accordance with their stated investment objectives. Additionally, the Firm may utilize individual debt and equity securities in client accounts as well.

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

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

## **Automated Investment Program**

We offer an automated investment program (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("ETFs") and a cash allocation. The client may instruct us to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("Schwab"). We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and

an affiliate of Schwab, to operate the Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, Schwab, or their affiliates. We, and not Schwab, are the client's investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps us determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

We charge clients a fee for our services as described below under Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to Schwab as part of the Program. Schwab does receive other revenues in connection with the Program.

We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at Schwab that are not enrolled in the Program. If we do not meet this condition, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with Schwab.

## **Retirement Plan Consulting Services**

Spinnaker Investment Group provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and may include any or all of the following services:

- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Participant Education

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

## **Wrap Fee Programs**

Spinnaker Investment Group does not manage accounts as part of a wrap or bundled fee program.

## **Assets Under Management**

Spinnaker Investment Group manages client assets in discretionary and non-discretionary accounts on a continuous and regular basis. As of 12/31/2023, the total amount of assets under our management was:

Discretionary Assets	\$ 644,070,503
Non-Discretionary Assets	\$ 32,706,386
Total Assets	\$ 676,776,889

## **ITEM 5 - FEES AND COMPENSATION**

Spinnaker Investment Group offers services on a fee basis, which may include fixed fees, as well as fees based upon assets under management. Additionally, certain of the Firm’s Supervised Persons, in their individual capacities, may offer insurance products under a separate commission-based arrangement.

### **Financial Planning and Consulting Fees**

Where Spinnaker Investment Group charges separately for financial planning and consulting services under a stand-alone engagement. These fees are negotiable, but generally range from \$1,500 to \$6,000, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. If the client engages the Firm for additional investment advisory services, Spinnaker Investment Group may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement and Spinnaker Investment Group generally requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### **Wealth Management Fees**

Spinnaker Investment Group offers investment management services for an annual fee based on the amount of assets under the Firm’s management. This management fee generally varies between 0.60% and 1.30%, depending upon the size and composition of a client’s portfolio and the type of services



rendered. For reference, the Firm's fees for assets between \$250,000 and \$1,000,000 are typically 1% of the assets under the Firm's management.

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Spinnaker Investment Group on the last day of the previous billing period. If assets in excess of \$10,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis and charged at the beginning of the first full quarter of services. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate. Beginning April 1, 2019, Spinnaker Investment Group's termination policy for new clients who subsequently terminate the advisory agreement at any point during the last month of the quarter will not receive a refund.

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

## **Retirement Plan Consulting Fees**

Spinnaker Investment Group generally charges as fixed project-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered, and will be up to 1% of the assets in the plan.

## **Automated Investment Program Fees**

As described in *Item 4 Advisory Business*, clients do not pay fees to SPT or brokerage commissions or other fees to Schwab as part of the Program. Schwab does receive other revenues in connection with the Program. Brokerage arrangements are further described below in *Item 12 Brokerage Practices*.

## **Fee Discretion**

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

## **Additional Fees and Expenses**

In addition to the advisory fees paid to Spinnaker Investment Group, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, margin costs, charges imposed directly by a

mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

## **Direct Fee Debit**

Clients generally provide Spinnaker Investment Group with the authority to directly debit their accounts for payment of the investment advisory fees. Alternatively, clients may elect to have Spinnaker Investment Group send a separate invoice for direct payment.

## **Account Additions and Withdrawals**

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

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

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

## **ITEM 7 - TYPES OF CLIENTS**

Spinnaker Investment Group offers services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Clients placing assets under our management of greater than \$250,000 will generally have their assets managed under our Investment and Wealth Management Services. We may waive this minimum for our Investment and Wealth Management Services at our discretion and generally in anticipation of clients contributing additional assets. Clients placing assets under our management of less than \$250,000 will generally have their assets managed under the Program described in Item 4 above. Clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum investment required to open an account in the Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Methods of Analysis

Spinnaker Investment Group utilizes a combination of fundamental and macro methods of analysis. The Firm believes that securities markets are mostly efficient.

*Fundamental analysis* involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For Spinnaker Investment Group, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

*Macroeconomics* is focused on the movement and trends in the economy as a whole, looking at the economy at an aggregated level versus specific areas (Microeconomics). Macroeconomics looks at economy wide influences such as national income, unemployment, growth rates inflation and price levels.

### Investment Strategies

Spinnaker Investment Group's general investment strategy is to seek real capital growth that is consistent with the level of risk the individual client is willing to take. All clients are unique, and the Firm assists clients to determine the appropriate strategy to achieve their goals. Spinnaker Investment Group's investment philosophy is that markets are informationally efficient and that asset allocation is a primary determinate of return. Further the Firm believes that it is there to assist clients in making good financial decisions as behavior can have a detrimental effect on terminal wealth.

### Risk of Loss

#### Market Risks

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

#### Mutual Funds and ETFs

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

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

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

## **ITEM 9 - DISCIPLINARY INFORMATION**

Spinnaker Investment Group has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

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

### **Licensed Insurance Agents**

A number of the Firm's Supervised Persons are licensed insurance agents and may offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that Spinnaker Investment Group recommends the purchase of insurance products where its Supervised Persons may be entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

### **Registered Representatives of Unaffiliated Broker-Dealer**

In addition, a number of the Firm's Supervised Persons are registered representatives of unaffiliated broker-dealers. These Supervised Persons also receive compensation, commissions and/or trailing 12b-1 fees for services provided to brokerage clients. Should clients implement recommendations through these registered representatives, the representatives may receive commissions or other transaction-based compensation in addition to the advisory fees Spinnaker Investment Group receives. This presents a conflict of interest because the Supervised Person may have an incentive to recommend executing

securities transactions or transacting in certain securities for which they receive additional compensation. Commissions paid through recommended broker-dealers may be higher or lower than at other broker-dealers. Additionally, account maintenance costs and transaction costs may be higher or lower at recommended broker-dealers than at other broker-dealers. When recommending commissionable products to advisory clients, we have a fiduciary duty to recommend products that are in the best interest of the client regardless of whether we are receiving a commission on the product. Clients are under no obligation to act on any recommendations of these individuals or place any transactions through them or through the recommended broker-dealer if they decide to follow their recommendations. See also the Form ADV Part 2B for the respective Supervised Person.

## **Affiliated Insurance Agency**

Spinnaker Investment Group is affiliated with Spinn Insurance Services, Inc. (“Spinn Insurance Services”), a California licensed insurance agency, license number 0L94197. Spinnaker Investment Group and Spinn Insurance Services share the same principal place of business and are under joint ownership and control. Morgan Christen and Joseph Stapleton, Managing Members of Spinnaker Investment Group are also the sole shareholders of Spinn Insurance Services. Certain Supervised Persons of Spinnaker Investment Group are also licensed as insurance agents through Spinn Insurance Services or various insurance companies. See also **Licensed Insurance Agents** above. Clients are under no obligation to act on any insurance recommendations or place any transactions through these insurance agents if they decide to follow their recommendations.

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

### **Code of Ethics**

Spinnaker Investment Group has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. Spinnaker Investment Group’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

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

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

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

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

Clients and prospective clients may contact Spinnaker Investment Group to request a copy of its Code of Ethics.

## **ITEM 12 - BROKERAGE PRACTICES**

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

Spinnaker Investment Group generally recommends that clients utilize the custody, brokerage and clearing services of Schwab Advisor Services™ ("Schwab"), a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC, for investment management accounts. Factors which Spinnaker Investment Group considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

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

Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime

brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

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

Client accounts enrolled in the Program are maintained at and receive the brokerage services of Schwab. While clients are required to use Schwab as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with Schwab by entering into a brokerage account agreement directly with Schwab. We do not open the account for the client. If the client does not wish to place his or her assets with Schwab, then we cannot manage the client's account through the Program. Schwab may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

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

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

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

Specifically, Spinnaker Investment Group may receive the following benefits from Schwab:

- Credits to be used toward qualifying third-party service providers used in connection with the initial set up of the Firm's research, technology and software platforms;
- Receipt of duplicate client confirmations and bundled duplicate statements;



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

The availability of services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. With respect to the Program, as described above under Item 4 Advisory Business, we do not pay SPT fees for the Platform so long as we maintain \$100 Million in client assets in accounts at Schwab that are not enrolled in the Program. In addition, Schwab has agreed to pay up to \$1,500 to be used toward technology, research, marketing, and compliance consulting related expenses. In light of our arrangements with Schwab, we may have an incentive to recommend that our clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

## **Brokerage for Client Referrals**

Spinnaker Investment Group does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

## **Directed Brokerage**

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

## **Trade Aggregation**

Transactions for each client generally will be affected independently, unless Spinnaker Investment Group decides to purchase or sell the same securities for several clients at approximately the same time. Spinnaker Investment Group may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients



differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Spinnaker Investment Group's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Spinnaker Investment Group's Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Spinnaker Investment Group does not receive any additional compensation or remuneration as a result of the aggregation.

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

## **ITEM 13 - REVIEW OF ACCOUNTS**

### **Account Reviews**

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

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Spinnaker Investment Group and/or an outside service provider, which contain certain account and/or market-related

information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Spinnaker Investment Group or an outside service provider.

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

In the event a client is introduced to Spinnaker Investment Group by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from Spinnaker Investment Group's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Spinnaker Investment Group's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Spinnaker Investment Group is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us. In addition, Schwab has agreed to pay for certain products and services for which we would otherwise have to pay. These products and services, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## **ITEM 15 - CUSTODY**

Spinnaker Investment Group has limited custody of clients' funds or securities when the Advisory Agreement and/or the separate agreement with any Financial Institution authorizes Spinnaker Investment Group to debit client accounts for payment of the Firm's fees and to directly remit those funds to the Firm in accordance with applicable custody rules. For accounts participating in the Program, fees will be directly deducted from the client's account.

The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Spinnaker Investment Group.

Spinnaker Investment Group may also be deemed to have custody over the funds and securities of trust accounts for which it or its related persons serve as trustee.

In addition, as discussed in Item 13, Spinnaker Investment Group may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Spinnaker Investment Group.

## **ITEM 16 - INVESTMENT DISCRETION**

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

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The broker-dealer that executes trades (in the case of a prime brokerage relationship).

## **ITEM 17 - VOTING CLIENT SECURITIES**

Spinnaker Investment Group generally does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

## **ITEM 18 - FINANCIAL INFORMATION**

Spinnaker Investment Group is not required to disclose any financial information.