

Item 1 – Cover Page

## **FORM ADV PART 2A**



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**March 11, 2019**

**This brochure provides information about the qualifications and business practices of Bell Rock Capital, LLC. If you have any questions about the contents of this Brochure, please contact us at (302) 227-7607 and/or [Cassandra@BellrockCapital.com](mailto:Cassandra@BellrockCapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Bell Rock Capital, LLC (IARD #139163) also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any references to Bell Rock Capital, LLC as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

<b>Item 2 - Material Changes</b>
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We have amended this Brochure in Item 5 to reflect that we may now impose a \$100 annual administrative fee on Asset Management Services accounts, which is in addition to their advisory fee. We reserve the right to reduce or waive that fee in our sole discretion. We will only impose this fee on current clients after notifying them of our intention to amend their advisory agreement with us.

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At least annually, this Item will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

The material changes discussed above are only those changes that have been made to this brochure since the firm's update of the brochure. The date of the last annual update of the brochure was March 27, 2018.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. We will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year, which is December 31st. We may further provide other ongoing disclosure information about material changes as necessary.

Our brochure may be requested free of charge by contacting Cassandra Toroian (302) 227-7607 and/or [Cassandra@BellrockCapital.com](mailto:Cassandra@BellrockCapital.com). Additional information about Bell Rock Capital, LLC is also available via the SEC's website [www.adviser.sec.gov](http://www.adviser.sec.gov). The website also provides information about any persons affiliated with Bell Rock Capital, LLC who are registered, or are required to be registered, as investment adviser representatives of Bell Rock Capital, LLC.

<b>Item 3 – Table of Contents</b>
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Item 1 – Cover Page.....	1
Item 2 - Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 - Advisory Business.....	4
Item 5 - Fees and Compensation.....	7
Item 6 - Performance-Based Fees and Side-By-Side Management.....	10
Item 7 - Types of Clients .....	10
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9 - Disciplinary Information .....	13
Item 10 - Other Financial Industry Activities and Affiliations .....	14
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	14
Item 12 - Brokerage Practices .....	15
Item 13 - Review of Accounts .....	17
Item 14 - Client Referrals and Other Compensation .....	18
Item 15 - Custody.....	18
Item 16 - Investment Discretion .....	18
Item 17 - Voting Client Securities .....	19
Item 18 - Financial Information.....	19

#### **Item 4 - Advisory Business**

Bell Rock Capital, LLC (hereinafter referred to as “Bell Rock”) is an investment advisory firm offering a variety of advisory services customized to client’s individual needs. Bell Rock’s services are more fully described below. Bell Rock was founded in January 2006. Cassandra Toroian is Managing Member of the LLC and the majority owner.

Bell Rock offers the following advisory services tailored to client’s individual needs.

- Asset Management Services
- Consulting Services
- 401(k) Retirement Plan Fiduciary and Advisor Services
- Tax Advisory Services

During the initial meeting between each client and Bell Rock, a series of financial questions will be asked in an attempt to gauge each client’s financial goals, objectives, risk tolerance, concerns, and investment time horizon. Additionally, we take an educational approach to gauge each client’s investment sophistication. The meeting also enables a prospective client to determine if Bell Rock is a good fit.

#### **Asset Management Services**

Once you indicate that you wish to be a client of Bell Rock’s, the firm will implement the investment selections it believes fit your goals. You may impose restrictions and/or limitations on the investing in certain securities or types of securities. Bell Rock will provide continuous and ongoing management of your account. Unless otherwise expressly requested by you, Bell Rock will manage the account on a discretionary basis. Therefore, Bell Rock will determine the securities to be purchased and sold in your managed account(s) and alter the securities holdings from time to time, without prior consultation with you. Bell Rock may actively trade securities and hold such holdings for periods of thirty (30) days or less or maintain positions for longer or shorter-term periods.

Bell Rock primarily uses individual equities, fixed income investments and exchange traded funds (ETFs). Mutual funds are rarely used in managed portfolios. Some clients who engage Bell Rock may have previously invested in mutual funds and these positions may be held within the portfolio.

#### **Consulting Services**

Bell Rock provides investment consulting services for an hourly or fixed fee to some of its corporate clients. Services include but are not limited to review of corporate treasury investment portfolios. While consulting may include recommendations, Bell Rock does not provide continuous and ongoing management. If a conflict of interest exists between the interests of the advisor and the interests of the client, the client is under no obligation to act upon the recommendations or effect the transaction(s) through Bell Rock. The client may terminate the services at any time.

#### **Retirement Plan Fiduciary and Advisor Services**

Bell Rock provides qualified plan management and monitoring services for a fee, based on the size of the plan assets. The services include but are not limited to assisting with the Investment Policy Statement, providing a screened list of fund choices, providing asset allocation models, monitoring

the fund selections on a quarterly basis, document fund monitoring process and educating employees. Implementation of the specific investment allocation for participants remains with each participant.

As a result of the recent regulations promulgated by the Department of Labor, which interpret the Employee Retirement Income Security Act (ERISA), there are choices when it comes to the fiduciary responsibilities for managing your company's retirement plan. It is crucial that plan sponsors and trustees have a good understanding of the different types of financial advisers who can service their retirement plan and provide protection for all plan participants.

Bell Rock offers two different options for managing a company's retirement plan:

1. 3(38) Fiduciary Investment Manager - discretionary
2. 3(21) Fiduciary Investment Adviser – non-discretionary

There is a distinct difference between a 3(38)-fiduciary investment manager and a 3(21)-retirement plan fiduciary. Bell Rock can be hired in either capacity through our registered investment adviser (RIA) structure, so the arrangement chosen is dependent upon the type of relationship you desire. In some instances, Bell Rock has discretion for the plan participant investments.

### **3(38) Fiduciary Investment Management Services**

Under this arrangement, Bell Rock is appointed by the plan sponsor or trustee and accepts discretion over plan assets and assumes full responsibility for the fiduciary functions concerning decisions related to the plan investment selections. As a 3(38)-investment manager, Bell Rock has the responsibility and authority to select the investment options for the plan and decide if and when to make changes to the plan investments. If selected as a 3(38)-investment manager, our services are as follows:

1. Be responsible for the selection of plan investments
2. Have discretionary authority to determine the core investment options and qualified default investment alternatives under the plan; and
3. Provide asset allocation portfolios to participants reflecting a range of risk and potential return characteristics. These portfolios are updated by Bell Rock on a discretionary basis.

### **3(21) Fiduciary Investment Advisory Services**

A 3(21) retirement plan fiduciary adviser is appointed by the plan sponsor or trustee to act in a co-fiduciary capacity. Through the 3(21) arrangement the plan sponsor or trustee and 3(21) fiduciary adviser share responsibility and accountability for the investment decisions made at the plan level. When the plan sponsor is provided with investment recommendations from the 3(21) adviser, the plan sponsor can agree or disagree with the recommendation. Under this arrangement, the plan sponsor is legally responsible and liable for the decision of whether or not to implement that advice.

If selected as a 3(21)-fiduciary adviser, our services are as follows:

1. Assist in the development and/or review of an investment policy statement (IPS)
2. Assist in the evaluation, selection, and monitoring of plan investments, core options, and qualified default investment alternatives, if applicable;

3. Provide periodic reports to the sponsor regarding the performance of investments and related fees, compared with applicable benchmarks and peer groups; and
4. Provide investment options to the plan sponsor.

The plan sponsor remains responsible for selecting investments and investment options under the plan, and the participant shall remain responsible for making investment decisions regarding his/her accounts from among the options permitted under the plan.

### **Tax Advisory Services**

Bell Rock provides tax return filing for individuals and businesses for a fee ranging from \$500 for a simple return up to \$5,000, depending on the complexity of the return through an affiliated recommended professional. In certain cases, the fee may be waived.

### **200Deep Powered by Bell Rock**

Bell Rock may provide portfolio management services through 200Deep.com, Powered by Bell Rock (“200Deep”), an automated, online investment management platform. Through 200Deep, Bell Rock offers clients a range of investment strategies it has constructed and manages each consisting of a portfolio of exchange-traded funds (“ETFs”), equities, and a cash allocation. The assets are held in custody at TD Ameritrade.

Bell Rock has contracted with Invescence, Inc to provide a web-based platform and related account management services for 200Deep. Trading is done via iRebal, a product of TDAmeritrade. This platform enables Bell Rock to make 200Deep available to clients online and includes a system that automates certain key parts of Bell Rock’s investment process (the “System”). The System includes an online questionnaire, that helps Bell Rock match the client’s investment goals, investment risk profile, risk tolerance, with a matching model portfolio that is constructed to align with your risk score. At the end of the questionnaire, a preliminary recommendation is made showing a portfolio strategy with assets classes and weightings. Bell Rock does not use any algorithms to select securities for the models. Our portfolio managers select all investments for the model portfolios. The results of the questionnaire are the sole basis for advice. The System also includes an automated investment engine, which uses TD Ameritrade as its custodian and trade execution platform, through which Bell Rock manages the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects). Rebalancing occurs if the client requests in the questionnaire that they would like the portfolio to continue to be rebalanced based on the initial asset allocation match and will be rebalanced based on drift parameters established by Bell Rock.

### **Miscellaneous**

**No Financial Planning or Non-Investment Consulting/Implementation Services.** Bell Rock does not provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, insurance, etc. Bell Rock does not serve as an attorney or accountant and no portion of our services should be construed as legal or accounting, services. Accordingly, we do not prepare estate planning documents. To the extent requested by a client, we

may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). You are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Bell Rock or its representatives. If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Retirement Rollovers.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Bell Rock recommends that a client roll over their retirement plan assets into an account to be managed by Bell Rock, such a recommendation creates a conflict of interest if Bell Rock will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by Bell Rock. Bell Rock's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by a rollover recommendation.

**Client Obligations.** Bell Rock will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying Bell Rock if there is ever any change in their financial situation or investment objectives so that Bell Rock can review, and if necessary, revise its previous recommendations or services.

You are advised transactions in your account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts. Investment recommendations and advice offered by Bell Rock is not legal or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney or accountant. You are advised that it is necessary to inform Bell Rock promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify Bell Rock of any such changes could result in investment recommendations not meeting your needs.

As further described below, Bell Rock has entered into a relationship to offer you brokerage and custodial services through TD Ameritrade Institutional ("TD Ameritrade"). There is no affiliation between Bell Rock and TD Ameritrade. Further, you are not obligated to use the services of TD Ameritrade.

**Assets Under Management.** As of December 31, 2018, Bell Rock has \$220,072,544 of discretionary assets under management.

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

### **Asset Management Services**

Fees are negotiable and are not based on a share of capital gains, or capital appreciation of the funds or any portion of the funds.

## Bell Rock Capital, LLC

Bell Rock's advisory fees will be charged in advance on a calendar quarterly basis based upon the value of your portfolio on the last business day of the calendar quarter. Accounts managed for a part of the quarter will be charged a prorated portion of the advisory fees for the quarter. The initial fee will be based on the value of the account upon account establishment and prorated for the remaining days in the current calendar quarter.

Quarterly fees are rounded to the nearest dollar. Therefore, quarterly fees with a dollar value of less than \$0.50 (50 cents) will be rounded down and dollar values of \$0.50 (50 cents) or more will be rounded to the next dollar.

The advisory fees payable upon initial engagement of management services may be paid directly by you upon receipt of the invoice from Bell Rock. Alternatively, Bell Rock can deduct its fees directly from your account provided you have given Bell Rock written authorization by signing the Investment Management Agreement and custodial application. Written authorization to have advisory fees deducted directly from your account is granted in the management agreement executed between you and Bell Rock. You will be provided with at least quarterly statements directly from the account custodian reflecting the deduction of Bell Rock's fees from your account. If your account does not contain sufficient funds to pay advisory fees, Bell Rock has the authority to sell or redeem securities in sufficient amounts to pay its advisory fees. You may reimburse the account for advisory fees paid to Bell Rock, except for ERISA and IRA accounts.

You may make additional deposits and partial withdrawals to the account. Additional deposits to the account and partial withdrawals from the account may impact Bell Rock's management of the account, particularly partial withdrawals from the account. Prorated fee adjustments will be charged to you for additional deposits to the account and a prorated credit of fees will be issued for partial withdrawals from the account. No fee adjustments will be made for Account appreciation or depreciation due to market performance.

Account Size	Maximum Annual Fee
\$0 to \$1,000,000	249 basis points
\$1,000,000 to \$5,000,000	179 basis points
\$5,000,000 and above	140 basis points

*Fixed income only* accounts will be charged a maximum annual fee of 100 basis points regardless of the size of the account. Accounts with both equity and fixed income positions will remain subject to the negotiated fee.

If you have multiple accounts under management with Bell Rock, all of your managed accounts will be aggregated together to determine the fee.

The quarterly fee formula is as follows and will be adjusted for inflows or outflows of funds during the previous quarter.

End of quarter account value x quarterly fee (i.e. annual fee /4) = quarterly fee rounded to nearest dollar.

## Bell Rock Capital, LLC

Fee adjustments for inflow and outflows are calculated as follows.

# of days/days in the calendar quarter x quarterly fee = fee adjustment

In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the account. Bell Rock does not receive any of these fees, which are charged by the product, broker/dealer or account custodian. Additionally, you may pay your proportionate share of the internal fund's management and administrative fees and sales charges imposed by any mutual fund or ETF held in your account. Such fees are not shared with Bell Rock and are compensation to the fund-manager. You should read the fund's prospectus prior to investing.

Bell Rock may change the above fee schedule upon 30-days prior written notice to you.

Bell Rock, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, personal relationship, anticipated future additional assets, dollar amount of assets to be managed, related accounts, industry fee compression, account composition, negotiations with client, etc.). As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** Bell Rock's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above.

Bell Rock charges an annual \$100 administrative fee. This fee is in addition to the investment advisory fee described above and under certain circumstances may be waived.

### **Termination Provisions**

Clients may terminate management services with 30-days prior written notice to Bell Rock. Should you terminate investment advisory services during a calendar quarter, you need to request a pro-rated refund of the pre-paid advisory fee from the date of termination to the end of the calendar quarter. Prorated refunds will not be issued without specific written request for a refund. Bell Rock will issue your refund within three (3) days of your request of the refund.

### **Consulting Services**

Bell Rock offers consulting services on both an hourly rate and fixed fee. Payment is due in advance. The hourly rate for limited scope engagements are \$200 per hour, dependent upon the services requested and the complexity of the project. Any unused advance payments are refundable based on the work completed.

### **Retirement Plan Fiduciary and Advisor Services**

Bell Rock offers qualified plan management services based on a maximum annual fee of 1.50%. Fees are negotiable and are due in advance of each calendar quarter. The fee will be calculated on a calendar quarterly basis and based upon the value of the qualified plan as of the last business day of the calendar quarter as valued by the account custodian.

## Bell Rock Capital, LLC

Beginning January 1, 2019, new ERISA 3(38) fiduciary services will be subject to a minimum annual fee of \$2,000 for accounts with less than \$2,000,000 in assets under management. Current clients of Bell Rock will not be subjected to this annual minimum fee.

The advisory fee will generally be deducted directly from the account provided the qualified plan has authorized deduction of the advisory fee from the qualified plan account. Fee deductions will be authorized via execution of an agreement with Bell Rock.

### **Termination Provisions**

Qualified plan sponsors may terminate Bell Rock's services at any time upon 30-days prior written notice to Bell Rock. Should the qualified plan terminate services during a calendar quarter, a request for a pro-rated refund of the pre-paid advisory fee from the date of termination to the end of the calendar quarter must be made to Bell Rock. Prorated refunds will not be issued without specific written request for a refund. Bell Rock will issue your refund within three (3) days of your request of the refund.

### **200Deep Powered by Bell Rock**

Bell Rock may provide portfolio management services through 200Deep, an automated, online investment management platform. Through 200Deep, Bell Rock offers clients a range of investment strategies it has constructed and manages each consisting of a portfolio of exchange traded funds ("ETFs"), equities, and a cash allocation. Bell Rock's investment management fee for Program accounts shall vary based on the market value of the assets placed under Bell Rock's management and shall range between an annual fixed fee of \$60 to a maximum annual fee of 0.85% of assets under management.

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

Fees are not based on a share of the capital gains or capital appreciation of managed securities. Bell Rock does not charge performance-based fees.

### **Item 7 - Types of Clients**

Bell Rock generally provides investment advice to individuals, high net worth individuals, retirement plans, trusts, estates, foundations, charitable organization, and corporations. Please see Item 5 above for information about minimum account fees.

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

Bell Rock offers you several different management strategies. One or more strategies may be used for you managed account(s) depending on your financial goals and risk assessment. Bell Rock generally takes either a value or growth as a reasonable price manager approach. Bell Rock will customize the allocation of your portfolio to your financial situation as determined by Bell Rock.

## Our Investment Styles

**Classic Plus Strategy:** A balanced approach designed for more moderate risk tolerant investors who seek long term capital appreciation and growth as well as balance of fixed income cash flows. We employ a value-and growth at a reasonable price-based approach in the selection of equities, which populate the portfolio. This strategy includes the use of ETFs for sector, country and/or market exposure. Our fixed income approach seeks out more stable and tax advantaged vehicles such as municipals and government municipals as well as investment grade corporate securities.

**GARP (Growth At Reasonable Price) Strategy:** The GARP strategy is a combination of both value and growth investing. We look for companies that are somewhat undervalued and have solid sustainable growth potential. The criteria that we look for in a company fall right in between those sought by the value and growth investors. In this strategy, we are concerned with the growth prospects of a company.

**Income Advantage Strategy:** This strategy invests in a variety of fixed income securities in order to maximize income. Investments will include, but not be limited to, municipal bonds (general obligation bonds as well as revenue bonds), preferred stock, corporate bonds, mortgages, certificates of deposit, convertible bonds, and hybrids. The primary forms of risk that exist for income investors are: income, inflation, and default risk. This investment style requires an understanding that capital is invested in fixed income securities that may have more or less liquidity than an exchange-traded instrument. Withdrawing funds from this type of strategy can generally be done at any time. However, clients are advised there is no guarantee of performance or price and liquidations will be based on market prices at the time.

**Strategic Advantage Strategy:** The Strategic Advantage Strategy is an actively managed equity portfolio custom tailored to suit the needs of investors looking to gain broad-capitalization exposure to the bank and thrift sector. The portfolio invests in financial services companies that are perceived to be fundamentally sound, have attractive dividend yields and provide participation in industry consolidation.

**Large Cap Strategy:** This strategy concentrates on large cap stocks with approximately 85% of the portfolio being large cap to meet certain total return criteria. Investments will be chosen by selecting companies that demonstrate characteristics of capital appreciation, and attractive dividend growth fueled by their efficient use of cash, low debt, and proprietary products positioned for the future. The portfolio typically hold's 25-35 stocks identified through our research process. **Please Note:** The Large Cap Strategy is used with a limited number of legacy accounts and is no longer offered to new clients.

**Model Portfolios:** Bell Rock also offers multiple model portfolios to clients. All model portfolios are constructed by Bell Rock using individual equities and ETFs. They range from very conservative to very aggressive. These models are constructed using a tool called Riskalyze, assigning a risk tolerance score based on the weightings of each investment in the portfolio. This risk tolerance weighting is determined by historical performance data of investments in the model portfolio. Clients are then mapped to the appropriate model portfolio based on their own risk tolerance score determined through a questionnaire. While we use the risk tolerance scores as a guideline, not all

clients' portfolios are completely based on a model portfolio due to various factors, including but not limited to client instructions, other holdings and tax ramifications.

### **Risks of Investing**

Bell Rock uses fundamental analysis to help identify investment opportunities for you. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- Interest rate risk – fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive causing the market values to decline.
- Market risk – The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Business risk – These risks are associated with a particular industry or a particular company within an industry. For example, before oil-drilling companies can generate a profit, they depend on finding oil and then refining it, which is a lengthy process. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Financial risk – excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

In addition to the fundamental investment strategies discussed above, Bell Rock may also implement and/or recommend – use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (See discussion below).

**Use of Margin and Loans from Account Custodian.** Bell Rock does not recommend the use of margin for investment purposes. However, from time to time, clients may determine to request margin to be used in their account, held at the custodian, for either a loan or to enhance performance. The client will generally be required to secure the loan and will pay interest on the borrowed money. If the securities in the client's account decline in value, so does the value of the collateral supporting the margin loan, and as a result, the client's custodian may take action, such as issue a margin call and/or sell securities in the account, in order to maintain the required equity. In calculating its advisory fee, Bell Rock includes the total absolute value of the securities in the client's account, long or short, plus all credit balances, with no offset for any margin or debit balances.

Bell Rock therefore is conflicted when it (i) recommends that clients take loans from their account custodians, (ii) recommends that clients use and continue using margin, and (iii) when recommending an account custodian as a lender to clients, because in each instance, Bell Rock could

otherwise suggest that the client sell securities in their account. Clients remain solely responsible for determining whether to use or continue using margin or taking loans from their account custodian.

**Inverse/Enhanced Market Strategies.** Bell Rock may use long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the opposite result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Bell Rock, in writing, not to employ any or all such strategies for their accounts.

**Covered Call Writing.** Covered call writing is the sale of in-, at-, or out-of- the money call option against a long security position held in a client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

Bell Rock does not represent, warrant or imply that the services or methods of analysis used by Bell Rock can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by Bell Rock will provide a better return than other investment strategies.

As stated above, Bell Rock primarily uses individual equities, fixed income securities and exchange traded funds (ETFs). The risks with the aforementioned investments are that prices fluctuate from moment to moment. The liquidity of the security is dependent on a market existing where someone wants to purchase the security.

**Investing in securities involves risk of loss, including the potential loss of principal.** Therefore, your participation in any of the management programs offered by Bell Rock will require you to prepare to bear the risk of loss and fluctuating performance.

<b>Item 9 - Disciplinary Information</b>
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There is no reportable disciplinary information required for Bell Rock or its management persons that is material to your evaluation of Bell Rock, its business or its management persons.

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

Neither Bell Rock nor any of its employees are registered representatives of a broker-dealer, registered as a futures commission merchant, commodity pool operator or a commodity trading advisor or having a pending application.

Managing Director and Investment Advisor Representative Jacqueline Reeves and certain associated persons are licensed insurance agents. In addition, Bell Rock has an affiliated insurance agency called Bell Rock Insurance Agency, LLC. The recommendation by Bell Rock Insurance Agency, LLC, or any associated person, that clients purchase insurance commission products presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend a product instead of a client's particular need. No client is under any obligation to purchase any commission products from an associated person or Bell Rock Insurance Agency, LLC. Clients are reminded that they may purchase insurance products recommended through other non-affiliated insurance agents or agencies. Bell Rock's Chief Compliance Officer remains available to address any questions that the above conflict of interest may pose.

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

Bell Rock and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, Bell Rock and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. Bell Rock and its associated persons will not put their interests before your interest. Bell Rock and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients. Further, associated persons are prohibited from trading on non-public information or sharing such information.

In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Bell Rock with copies of their brokerage statements for review.

You have the right to decline any investment recommendation. Bell Rock and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

#### **Code of Ethics**

Bell Rock has a fiduciary duty to you to act in your best interest and always place your interests first and foremost or disclose any conflicts of interest. Bell Rock takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as Bell Rock's policies and procedures. Further, Bell Rock strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with Bell Rock's Privacy Policy. As such, Bell Rock maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal

securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, Bell Rock's Code of Ethics establishes Bell Rock's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

## Item 12 - Brokerage Practices

- A. In the event that the client requests that Bell Rock recommends a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Bell Rock to use a specific broker-dealer/custodian), Bell Rock generally recommends that investment management accounts be maintained at TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"). Bell Rock participates in the institutional advisor program (the "Program") offered by TD Ameritrade which is offered to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Bell Rock receive some benefits from TD Ameritrade through its participation in the Program.

Prior to engaging Bell Rock to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Bell Rock setting forth the terms and conditions under which Bell Rock shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Bell Rock considers in recommending *TD Ameritrade* (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor) include historical relationship with Bell Rock, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Bell Rock's clients shall comply with Bell Rock's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where Bell Rock determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Bell Rock will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Bell Rock's investment management fee. Bell Rock's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

Bell Rock participates in TD Ameritrade's institutional customer program and Bell Rock may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Bell Rock's participation in the program and the investment advice it gives to its Clients, although Bell Rock receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Bell Rock participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then

allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Bell Rock by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Bell Rock's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Bell Rock but may not benefit its Client accounts. These products or services may assist Bell Rock in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Bell Rock manage and further develop its business enterprise. The benefits received by Bell Rock or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Bell Rock endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Bell Rock or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Bell Rock's choice of TD Ameritrade for custody and brokerage services.

1. Non-Soft Dollar Research and Additional Benefits

Bell Rock receives from TD Ameritrade and potentially other broker-dealers, custodians, investment platforms, unaffiliated investment managers, vendors, or fund sponsors free or discounted support services and products. Certain of these products and services assist Bell Rock to better monitor and service client accounts maintained at these institutions. The support services that Bell Rock obtains can include investment-related research; pricing information and market data; compliance or practice management-related publications; discounted or free attendance at conferences, educational or social events; or other products used by Bell Rock to further its investment management business operations.

Certain of the support services or products received may assist Bell Rock in managing and administering client accounts. Others do not directly provide this assistance, but rather assist Bell Rock to manage and further develop its business enterprise.

Bell Rock's clients do not pay more for investment transactions effected or assets maintained at the broker-dealers and custodians because of these arrangements. There is no corresponding commitment made by Bell Rock to any broker-dealer or custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangements

2. Bell Rock does not receive referrals from broker-dealers.
3. Bell Rock does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed

arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Bell Rock will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by Bell Rock. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Bell Rock to effect securities transactions for the client’s accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Bell Rock. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**Bell Rock’s Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Bell Rock provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless Bell Rock decides to purchase or sell the same securities for several clients at approximately the same time. Bell Rock may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Bell Rock’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Bell Rock shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13 - Review of Accounts**

You will be invited to have at least an annual review with Bell Rock. You may request more frequent reviews and set thresholds for triggering events that would cause a review to take place. Levels of reviews will vary depending on your needs as well as changes in your financial status or position (tax status or otherwise), financial goals, current market conditions, performance standards, suitability changes, and age, among other things. This review may be done telephonically, in person, or utilizing other Internet based technology.

Your managed accounts will be reviewed on a continuous basis by Bell Rock several times a week for overall performance and performance of each holding in the portfolio. Bell Rock will monitor for changes or shifts in the economy, material changes or issues with a security in which you are invested, and market shifts and corrections.

You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require him review the portfolio allocation and make recommendations for changes.

You will be provided statements at least quarterly directly from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian. Additionally, Bell Rock offers you the option of receiving a holdings report reflecting the performance of your account either monthly, quarterly or annually. You will select the frequency of the report and may revise the frequency at any time. It is important that you compare any report received from Bell Rock with statements received direct from the account custodian. Should there be any discrepancy the account custodian's report will prevail.

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

Bell Rock may enter into arrangements with individuals or entities such as financial institutions ("Solicitor") whereby the Solicitor will refer prospective clients to Bell Rock who may be candidates for investment advisory services. In return, Bell Rock will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the prospective client entering into an advisory agreement with Bell Rock for advisory services. Compensation to solicitor will be an agreed upon percentage of Bell Rock's advisory fee. Bell Rock's referral program is in compliance with the federal regulations as set out in 17 CFR Section 275.206(4)-3. The solicitation/referral fee is paid pursuant to a written agreement retained by both Bell Rock and the Solicitor. The Solicitor will be required to provide the client with a copy of Bell Rock's Disclosure Brochure and a Solicitor Disclosure prior to or at the time of entering into any investment advisory contract with Bell Rock. Solicitor is not permitted to offer clients any investment advice on behalf of Bell Rock. Clients' advisory fee will not be increased as a result of compensation being shared with Solicitor.

Please refer to the disclosures under the section Brokerage Practices above for information regarding the economic benefits received from TD Ameritrade.

#### **Item 15 - Custody**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to compare the account statements received to any reports prepared by Bell Rock. If clients noted any discrepancies, they should contact Bell Rock immediately.

Bell Rock is deemed to have custody because advisory fees are directly deducted from client accounts by the custodian on behalf of Bell Rock.

#### **Item 16 - Investment Discretion**

You may grant Bell Rock authorization to manage your account on a discretionary basis. You will grant such authority to Bell Rock by execution of the advisory agreement. You may terminate discretionary authorization at any time upon receipt of written notice by Bell Rock. Discretionary

authorization will provide Bell Rock the ability to determine the securities to buy, sell and/or exchange, the amount of the transaction and the timing of the transaction. Additionally, Bell Rock has discretionary authorization to direct transactions where it believes best execution can be obtained after taking into consideration several factors including execution costs, price of the trade, service, broker/dealer reputation, service, and ability to meet the needs of the transaction.

Additionally, you are advised that:

- 1) Except with respect to 200Deep accounts, you may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- 3) With the exception of deduction of Bell Rock's advisory fees from the account, if you have authorized automatic deductions, Bell Rock will not have the ability to withdraw your funds or securities from the account.

#### **Item 17 - Voting Client Securities**

Bell Rock does not vote your securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent. When assistance on voting proxies is requested, Bell Rock will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

Bell Rock will not be responsible, and each client has the right and responsibility to take any actions with respect to any legal proceedings, including without limitation, bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, including with respect to transactions, securities or other investments held in the client's account or the issuers thereof. Bell Rock is not obligated to render any advice or take any action on a client's behalf with respect to securities or other property held in the client's account, or the issuers thereof, which become the subject of any legal proceedings, including without limitation, bankruptcies and shareholder litigation, to which any securities or other investments held or previously held in the account, or the issuers thereof, become subject.

#### **Item 18 - Financial Information**

A balance sheet is not required to be provided by Bell Rock because it does not serve as a custodian for client funds or securities, nor does Bell Rock require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.

Bell Rock has no condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.