

# Emerald Investment Partners, LLC Wrap Fee Program Brochure

175 Regency Woods Place, Suite 210

Cary, NC 27518

(919) 948-4453

[www.wealthshieldpartners.com](http://www.wealthshieldpartners.com)

**Firm Contact:**

**Robert Leggett**

**Chief Compliance Officer**

July 11, 2019

This wrap fee program brochure provides information about the qualifications and business practices of Emerald Investment Partners, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at 919-948-4453 or email [Robert@emerald-ip.com](mailto:Robert@emerald-ip.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 Emerald Investment Partners, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Emerald Investment Partners, LLC is registered with the SEC as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act"). Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

## **Item 2: Material Changes**

Below is a summary of the material changes that Emerald Investment Partners, LLC's has made to this Form ADV Brochure since its last annual Form ADV filing on March 26, 2019. Please be aware that other non-material changes have been included in this Form ADV Brochure.

Emerald Investment Partners, LLC's office is now located at 175 Regency Woods Place, Suite 210, Cary, NC 27518.

Item 9 has been updated to disclose a conflict of interest that results from transition benefits paid by Raymond James to Emerald that is contingent upon us maintaining assets under management custodied at Raymond James.

Additional changes were made throughout to enhance disclosure of Emerald Investment Partners, LLC's current business and compliance practices.

### Item 3: Table of Contents

Item 1: Cover Page	
Item 2: Material Changes .....	ii
Item 3: Table of Contents .....	3
Item 4: Services Fees and Compensation.....	4
Item 5: Account Requirements and Types of Clients.....	5
Item 6: Portfolio Manager Selection and Evaluation .....	6
Item 7: Client Information Provided to Portfolio Managers.....	14
Item 8: Client Contact with Portfolio Managers .....	14
Item 9: Additional Information.....	14

## Item 4: Services Fees and Compensation

### A. Description of Services

Emerald participates in and sponsors wrap fee programs, which means Emerald will wrap transaction fees for wrap fee portfolio management accounts. Emerald will charge clients one fee, and pay all transaction fees using the fee collected from the client. Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that Emerald has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs.

Certain other fees are not included in the wrap fee and are paid for separately by the client. These include, but are not limited to, margin costs, charges imposed directly by a mutual fund or exchange traded fund, 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 fee schedule is set forth below:

Total Assets Under Management	Annual Fees
All Assets	Up to 2.00%

These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule will be reflected in the contract. Emerald uses the last day of previous quarter for purposes of determining the market value of the assets upon which the advisory fee is based. After Emerald pays transaction fees, Emerald generally receives around 90% of the advisory fee.

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance. Refunds are given on a prorated basis, based on the number of days remaining in the billing period on the effective date of termination. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the effective date of termination. (\*The daily rate is calculated by dividing the annual fee by 365).

Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with thirty days' written notice.

## **B. Contribution Cost Factors**

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

## **C. Additional Fees**

Clients who participate in the wrap fee program will not have to pay for transaction or trading fees. However, clients are still responsible for all other account fees, such as certain charges imposed by custodians, brokers, and other third parties such as custodial fees, annual IRA fees, transition fees if the account is moved to another broker, 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. Also, clients will pay the following separately incurred expenses: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses). Clients may be responsible for paying fees charged by sub-advisers, money managers, platforms, and/or platform managers that have been engaged to manage their account as described in the investment management agreement. Such charges, fees, and commissions are exclusive of, and in addition to, our fee.

## **D. Compensation of Client Participation**

Emerald does not receive any additional compensation beyond advisory fees for the participation of clients in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, Emerald may have a financial incentive to recommend the wrap fee program to clients. Some affiliates of Emerald are associated with WealthShield. WealthShield does receive fees beyond the participation in a Wrap Fee Program. WealthShield receives a portion of the platform fee paid for clients on the platform.

# **Item 5: Account Requirements and Types of Clients**

Emerald generally provides its wrap fee program services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations

There is no account minimum.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Selecting/Reviewing Portfolio Managers**

Emerald is the only manager and sponsor in its wrap fee program. Accounts in the wrap fee program are managed by Emerald's portfolio management team. These individuals also manage other accounts of Emerald. Emerald may select outside portfolio managers for management of this wrap fee program by hiring sub-advisers. Emerald has the ability to hire and fire any sub-advisers. As part of Emerald's asset management services, Emerald will often invest your assets or recommend the investment of your assets according to one or more model portfolios developed by WealthShield LLC. In some cases, Emerald may deviate or recommend a deviation from the WealthShield models depending on individual client circumstances. With respect to discretionary accounts, Emerald will monitor your portfolio's performance on an ongoing basis, and attempt to rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

#### ***Standards Used to Calculate Portfolio Manager Performance***

Emerald will use industry standards to calculate portfolio manager performance.

#### ***Review of Performance Information***

Emerald reviews the performance information to determine and verify its accuracy and compliance with industry standards. The performance information is reviewed quarterly and is reviewed by Emerald.

### **B. Related Persons**

Emerald and its personnel serve as the portfolio managers for all wrap fee program accounts. This is a conflict of interest in that no outside adviser assesses Emerald's management of the wrap fee program. However, Emerald addresses this conflict by acting in its clients' best interest consistent with its fiduciary duty as sponsor and portfolio manager of the wrap fee program.

Emerald may hire sub-advisers for portfolio management services. Emerald has engaged WealthShield LLC as the sub-adviser for certain accounts. Robert Leggett and Clint Sorenson are supervised persons of WealthShield and will offer clients advice or products from those activities and clients should be aware that these services involve a conflict of interest. Robert Leggett and Clint Sorenson must determine the amount of time to dedicate to Emerald and WealthShield. WealthShield receives a management fee as a

result of the sub-advisory services provided to clients. This fee may be paid for by the client as outlined in the investment advisory agreement. This creates a conflict of interest because Emerald has an incentive to recommend WealthShield to serve as the sub-adviser for client accounts. Emerald only recommends WealthShield to clients when Emerald believes it is in the best interest of the client. Additionally, as of the date of this Brochure, WealthShield does not receive a management or subadvisory fee with respect to the subadvisory services it provides to Emerald. You are not obligated, contractually or otherwise, to utilize any WealthShield service or any invest in any WealthShield product.

Robert Leggett and Clint Sorenson are managing partners of WealthShield Research LLC. WealthShield Research provides an algorithm and research to a platform that is used in an ETF, Pacer WealthShield ETF ("PWS"). WealthShield Research is not registered but receives a licensing fee that is based on PWS's assets. We recommend investment in PWS to certain clients. This creates a conflict of interest as we have an incentive to recommend PWS based on the licensing fee rather than the best interests of the client. We only recommend PWS to clients when we believe it is the best interest of the client.

### **C. Advisory Business**

Emerald offers portfolio management services to its wrap fee program participants as discussed in Section 4 above.

#### ***Wrap Fee Portfolio Management***

Emerald offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Emerald creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management includes, but is not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

Emerald evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is used to manage the clients individual accounts.

Portfolio management accounts participating in the wrap fee program will not have to pay for transaction or trading fees. Emerald will charge clients one fee, and pay transaction fees using the advisory fee collected from the client. However, clients are still responsible for all other account fees, such as certain charges imposed by custodians, brokers, and other third parties such as custodial fees, annual IRA fees, transition fees if the account is moved to another broker, 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. Also, clients will pay the following separately incurred expenses: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses). Clients may be responsible for paying fees charged by sub-advisers, money managers, platforms, and/or platform managers that have been engaged to manage their account as described in the investment management agreement. Such charges, fees, and commissions are exclusive of, and in addition to, our fee.

Accounts participating in the wrap fee program are not charged higher advisory fees based on trading activity, but clients should be aware that Emerald has an incentive to limit trading activities for those accounts since the firm absorbs those transaction costs. To address this conflict, Emerald will always act in the best interest of its clients consistent with its fiduciary duty as an investment adviser.

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

Emerald does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### ***Services Limited to Specific Types of Investments***

We primarily offer advice on a variety of investment options including mutual funds, exchange traded funds and other securities and may utilize sub-advisers however we do not limit our advice to any particular investment strategies or securities.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

### ***Client Tailored Services and Client Imposed Restrictions***

Emerald offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Emerald from properly servicing the client account, or if the restrictions would require Emerald to deviate from its standard suite of services, Emerald reserves the right to end the relationship.



### ***Wrap Fee Programs***

Emerald is the only manager and sponsor in its wrap fee program. Accounts in the wrap fee program are managed by Emerald's portfolio management team. These individuals also manage other accounts of Emerald. Emerald may select outside portfolio managers for management of this wrap fee program by hiring sub-advisers. Emerald has the ability to hire and fire any sub-advisers. Emerald has engaged WealthShield LLC as the sub-adviser for wrap fee program accounts. Some accounts may be managed differently than non-wrap fee accounts. The fees paid to the wrap account program will be given to Emerald and/or sub-advisers as a management fee depending on the client's investment management agreement.

### ***Amounts Under Management***

Emerald has the following assets under management:

Discretionary Amounts:	Non-Discretionary Amounts:	Date Calculated:
\$ 361,654,513	\$0	12/31/2018

### ***Methods of Analysis and Investment Strategies***

This section provides an overview of methods of analysis and investment strategies we may utilize in providing services to you and certain material risks relating that you may face in connection with these services. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. It is not possible to identify all of the risks associated with investing, and this section does not attempt to discuss all risks that may affect your investments with Emerald. Rather, this section discusses certain material risks of Emerald's investment activities. Different risks will impact different investment strategies to different degrees, and the degree to which a particular risk is applicable to you will depend on a variety of factors, including which investment strategy(ies) are employed with respect to your account and your investment guidelines.

We do not guarantee that an investment objective or planning goal will be achieved or that any of the investment strategies will create their intended results. As an investor, each client must be able to bear the risk of loss that is associated with their account, which may include the loss of some or all principal invested. No single investment strategy, or combination thereof, is necessarily diversified or intended to provide a complete investment program. Clients are responsible for appropriately diversifying their assets to guard against the risk of loss.

You are responsible for your overall financial situation, and we urge you to consult legal, tax and other financial advisors regarding your specific or overall financial situation as needed. In particular, our strategies and investments may have unique and significant tax implications. We will generally attempt to structure your portfolio in the most tax efficient manner possible based on your accounts under our management. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition and performance of your portfolio.

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

**Fundamental analysis** is a method of evaluating a company that has issued a security by attempting to measure the value of its underlying assets. It entails studying overall economic and industry conditions, as well as the financial condition and the quality of the company's management. Emerald considers earnings, expenses, assets, and liabilities important in determining the value of a company. We then compare our value of the company to the current price of the issuing company's security to determine whether to purchase, sell or hold the security.

One of the primary risks of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for Emerald's valuation of a security. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Cyclical analysis** is a form of fundamental analysis that involves the process of making investment decisions based on the different stages of an industry at a given point in time.

One of the primary risks of cyclical analysis is the lengths of economic cycles may be difficult to predict with accuracy, which leads to difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

**Quantitative Analysis** is a method of determining the value of a security by examining its numerical, measurable characteristics such as revenues, earnings, margins and market share.

One of the primary risks of quantitative analysis is that empirical data may not necessarily be the best indicator of the value of a certain investments, and purely mathematical approaches may not reveal significant security specific developments.

**Charting** involves identifying patterns that can suggest future activity in price movements. A chart pattern is a distinct formation on a stock chart that creates a trading signal or a sign of future price movements. Chartists use these patterns to identify current trends and trend reversals to trigger buy and sell signals. Some of the chart types Emerald utilizes are Line Charts, Bar Charts, Candlestick, Point and Figure, etc.

One of the primary risks of charting analysis is that it may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Technical analysis** is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

One of the primary risks of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Long-Term Purchases** – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - “locking-up” assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of short-term price fluctuations.

Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term, which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

**Short Sales** – securities transaction in which securities are sold that were borrowed in anticipation of a price decline. The seller is then required to return an equal number of shares at some point in the future.

The primary risk of short selling is that client assets invested through a short sale will profit if the stock goes down in price, but if the price of the shares increase, the potential losses are unlimited. We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. This may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses. However, there is a risk that frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

**Margin Transactions** – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

The primary risk of trading on margin is that if the value of the shares drops sufficiently, the client will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." This could result in a client account losing more money than was invested in the margin transaction.

**Options Trading** - a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of

the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options are generally more volatile than prices of other types of securities. When trading in options, you may run the risk of losing the entire investment in a relatively short period of time. In more risky options strategies, an investor could theoretically have an unlimited risk of loss.

**Management Risk:** Judgements about the value and potential appreciation of a particular security may be wrong and there is no guarantee that securities will perform as anticipated. The value of a security can be more volatile than the market as a whole or our approach may fail to produce the intended results, which can result in losses for a client.

**Market Risk:** There is a possibility that the value of securities may decline due to daily fluctuations in the markets. Stock prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. In a declining stock market, prices for all companies may decline regardless of their long-term prospects.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus investors may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. Mutual funds are also subject to extensive regulatory regimes, which may restrict their investments and result in lower investment returns than less-regulated investments.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks, and their price can fluctuate during the day. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding

bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. The returns on ETFs can be reduced by the costs to manage the funds. During time of extreme market volatility ETF pricing may lag vs. the actual underlying asset values. This lag usually resolves itself in a short period of time (usually less than one day) however there is no guarantee this relationship will always occur. In addition, for certain ETFs recommended by us, there may be little public market due to trading volumes or other factors. Accordingly, clients may not be able to sell the ETFs as desired.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you should be prepared to bear.**

### ***Voting Client Proxies***

Emerald does not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to Emerald’s office, Emerald will forward them to the client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email Emerald to discuss questions they may have about particular proxy votes or other solicitations.

## **Item 7: Client Information Provided to Portfolio Managers**

Emerald gathers information such as guidelines, restrictions and suitability as part of the account opening process. This information (including basic information, risk tolerance, sophistication level, and income level) is provided to the portfolio manager. The portfolio manager will also have access to that information as it changes and is updated.

## **Item 8: Client Contact with Portfolio Managers**

Emerald places no restrictions on a client's ability to contact its portfolio managers. Clients may contact Emerald to arrange for a consultation regarding the management of their account. Emerald portfolio managers are available at reasonable times to participate in consultations that clients request.

## **Item 9: Additional Information**

### **A. Disciplinary Action and Other Financial Industry Activities**

#### ***Criminal or Civil Actions***

There are no criminal or civil actions to report.

#### ***Administrative Proceedings***

There are no administrative proceedings to report.

#### ***Self-regulatory Organization Proceedings***

There are no self-regulatory organization proceedings to report.

#### ***Registration as a Broker/Dealer or Broker/Dealer Representative***

Some supervised persons of our firm are registered representatives of a broker dealer. Robert Leggett is a registered representative of Purshe Kaplan Sterling Investments, Inc., member FINRA/SIPC. Scott Lord and Stuart Gay are registered representatives of Chalice Capital Partners, LLC, member FINRA/SIPC. Robert Leggett, Scott Lord and Stuart Gay offer securities and receive normal and customary commissions as a result of securities transactions. However, Robert Leggett, Scott Lord and Stuart Gay do not receive any commissions as a result of securities transactions for Emerald client accounts.

#### ***Registration as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor***

Neither Emerald nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor.

***Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

Through common ownership by Robert Leggett and Clint Sorenson, Emerald Investment Partners has an affiliation with WealthShield, an investment advisory firm that is registered with the SEC. Robert Leggett and Clint Sorenson are supervised persons of WealthShield and will offer clients advice or products from those activities and clients should be aware that these services involve a conflict of interest. Robert Leggett and Clint Sorenson must determine the amount of time to dedicate to Emerald Investment Partners and WealthShield. We have engaged WealthShield as the sub-adviser for client accounts. This creates a conflict of interest because we have an incentive to recommend WealthShield to serve as the sub-adviser for client accounts. We only recommend WealthShield to clients when we believe it is in the best interest of the client. Additionally, as of the date of this Brochure, WealthShield does not receive a management or subadvisory fee with respect to the subadvisory services it provides to Emerald. You are not obligated, contractually or otherwise, to utilize any WealthShield service or invest in any WealthShield product.

Client accounts are generally managed via Envestnet, a third-party investment management platform. WealthShield receives a portion of the fee paid for clients on the platform. This creates a conflict of interest as Emerald has an incentive to recommend Envestnet based on the fee that its affiliate, WealthShield, receives rather than the best interests of the client. Emerald has reviewed and periodically reviews Envestnet and believes that the use of the platform is in the best interest of clients.

Robert Leggett and Clint Sorenson are managing partners of WealthShield Research LLC. WealthShield Research provides an algorithm and research to a platform that is used in an ETF, Pacer WealthShield ETF, ("PWS"). WealthShield Research receives a licensing fee that is based on the assets of the PWS. We recommend investment in PWS to certain clients. This creates a conflict of interest as we have an incentive to recommend PWS based on the licensing fee rather than the best interests of the client. We only recommend PWS to clients when we believe it is in the best interest of the client.

**Insurance Agent:** Some Representatives of our firm are insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest arises as these insurance sales create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client.

### ***Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections***

Some supervised persons of our firm recommend other investment advisers for clients and receive compensation from those advisers for the recommendation. This creates a conflict of interest as the supervised person has an incentive to recommend the investment adviser based on compensation received rather than the best interests of the client. All supervised persons receive training regarding, among other things, their fiduciary duty to clients and obligation to make recommendations taking into account only the client's best interest. Supervised persons are also required to deliver a disclosure document to the client containing the following information: the supervised person's and recommended investment adviser's names; the nature of the relationship between the supervised person and the recommended investment adviser, including any affiliation; a statement that the supervised person is compensated by the recommended investment adviser and the terms and description of compensation; and the amount, if any, which will be charged to the client in addition to the advisory fee, as well as other fee information, if applicable. In addition, we may recommend other investment advisers for clients through the selection of sub-advisers, mutual funds, ETFs, and separate account strategies. We do not generally receive compensation related to these recommendations with the exception of PWS, as described above.

## **B. Code of Ethics, Client Referrals, and Financial Information**

### ***Code of Ethics***

We have adopted a Code of Ethics pursuant to Advisers Act Rule 204A-1. A basic tenet of our Code of Ethics is that the interests of clients are always placed first. The Code of Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. The Code of Ethics also requires that all covered persons comply with ethical restraints relating to clients and their accounts, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting insider trading.

The goal of our Code of Ethics is to ensure that personal investing activities by our employees are consistent with our fiduciary duty to its clients. The Code of Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. For purposes of the Code of Ethics, we have determined that all employees are Access Persons.

In order to avoid potential conflicts of interest that could be created by personal trading among our Access Persons, the Code of Ethics restricts the purchase and sale by Access Persons for their own accounts of any covered security before the execution of a transaction in any such security for clients. All Access Persons are



required to notify our Chief Compliance Officer or his designee in order to pre-clear personal securities transactions in specified securities, including IPOs and limited offerings.

All Access Persons are required to submit quarterly personal securities transactions and annual holdings reports for review by the Chief Compliance Officer. Access Persons are also required to have copies of all brokerage statements sent to the Chief Compliance Officer, directly from the custodian(s), on, at least, a quarterly basis. The Chief Compliance Officer will maintain documentation of personal securities transactions, including any violations that occur and their resulting actions.

The Code of Ethics also requires that all covered persons comply with ethical restraints relating to clients and their accounts, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting insider trading.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting us at the number on the cover page of this Brochure.

As a matter of policy, we do not engage in principal transactions, cross trading or agency cross transactions. Any exceptions to this policy must be approved in advance by the Chief Compliance Officer or by his designee.

### ***Frequency and Nature of Periodic Reviews and Who Makes Those Reviews***

Emerald monitors client accounts on an ongoing basis and conducts an internal review of accounts on at least an annual basis. The nature of Emerald's internal reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Emerald does not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when Emerald contacts clients. At least quarterly, account statements are furnished by the custodian to each client. Emerald urges clients to carefully review the custodian statement provided for their client.

One or more Investment Adviser Representative and/or firm principals review all accounts.

### ***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

We monitor Asset Management accounts on an ongoing basis and conduct an internal review accounts on at least an annual basis. The nature of our internal reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our Asset Management services.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Retirement and Pension Consulting clients receive reviews of their pension plans for the duration of the pension consulting service. We also provide ongoing services to Retirement and Pension Consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Retirement and Pension Consulting clients do not receive written or verbal updated reports regarding their pension plans unless they choose to contract with us for ongoing Pension Consulting services.

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

One or more Investment Adviser Representatives and/or firm principals review all accounts.

### ***Content and Frequency of Regular Reports Provided to Clients***

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

### ***Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)***

#### **Raymond James Financial Services Inc.**

Our firm recommends clients establish brokerage accounts with RJFS, a FINRA/SIPC member. RJFS provides us with access to its institutional trading and operations services, which typically are not available to RJFS retail customers. These services are generally available, without cost, to financial advisory firms who maintain a minimum threshold of client assets with RJFS.

#### **Additional Compensation:**

Services provided by RJFS to financial advisory firms include research (including mutual fund research, third-party research, and RJFS proprietary research), brokerage, custody, and access to mutual funds and other investments that are available only to institutional investors or would require a significantly higher minimum initial investment. In addition, RJFS makes available software and other technologies that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information, quotation services, and other market data, assist with contact management, facilitate payment of fees to our firm from client accounts, assist with performance reporting, facilitate trade allocation, and assist

with back-office support, record-keeping, and client reporting. RJFS also provides access to financial planning software, practice management consulting support, best execution assistance, consolidated statements assistance, educational and industry conferences, marketing and educational materials, technological and information technology support, and RJFS corporate discounts. Many of these services may be used to service all or a substantial number of Emerald's accounts, including accounts not maintained at RJFS.

RJFS has currently provided repayable loans in the total amount of \$190,000. The terms of the RJFS repayable loan program are normally competitive with interest rates offered within the securities industry, including margin loan interest rates. The terms of the RJFS repayable loan program are negotiable. In 2017, RJFS also paid \$185,000 in transition assistance to Emerald that is contingent upon Emerald maintaining at least 80% of the estimated assets under management at RJFS for five years through June 2022. If Emerald fails to maintain at least 80% of the estimated assets under management at RJFS, Emerald will be required to repay 10% of the transition assistance for each 5% of the assets that have fallen below the 80% threshold. Repayable loans and transition assistance are normally intended to assist us with start-up costs, including rent, overhead expenses, computers, monies owed to third parties, and similar costs. The receipt of economic benefits by our firm or its related persons in and of itself creates a conflict of interest as it may create an incentive to choose RJFS for custody and brokerage services.

RJFS also provides us with other services intended to help us manage and further develop our business enterprise, including assistance in the following areas: consulting, publications and presentations, information technology, business succession, and marketing. In addition, RJFS may make available or arrange and/or pay for these types of services provided by independent third parties, including regulatory compliance.

RJFS is recognized as a full-service registered broker-dealer and registered investment adviser. Our firm has no formal relationship with RJFS for client referrals and receives no compensation from RJFS (other than the services and arrangements described herein) for accounts opened by firm clients. On an informal basis, RJFS occasionally may make referrals to our firm as a courtesy or accommodation. Nothing of value, monetary or otherwise, is given, paid, or received in exchange for such referrals.

The firm utilizes RJFS for custody of customer assets and execution of customer transactions. RJA, a corporate affiliate of RJFS and member of the New York Stock Exchange and the Securities Investor Protection Corporation, acts as the clearing agent in the execution of securities transactions placed through RJFS. The firm, subject to its best execution obligations, may trade outside of RJFS. In the selection of broker-dealers, the firm may consider all relevant factors, including the commission rate, the value of research provided, execution capability, speed, efficiency, confidentiality, familiarity with potential purchasers and sellers, financial responsibility, responsiveness, and other relevant factors. The firm has retained and will compensate RJFS and or RJFS to provide various administrative services which include determining the fair market value of assets held in the account at least quarterly and producing a brokerage statement and performance reporting for client detailing account assets, account transactions, receipt and disbursement of funds, interest and dividends received, and account gain or loss by security as well as for the total account.

## **TD Ameritrade, Inc.**

We recommend the brokerage and custodial services of TD Ameritrade Institutional (through the TD Ameritrade Institutional Program), a division of TD Ameritrade, Inc. ("TD Ameritrade").

There is no direct link between our participation in the program and the investment advice it gives to its clients, although we receive economic benefits through our 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 adviser 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 us by third party vendors. TD Ameritrade also paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits we receive 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, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or its related persons in and of itself creates a conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

### ***Compensation to Non – Advisory Personnel for Client Referrals***

Currently, we do not maintain any referral arrangements with individuals or entities that may be compensated, directly or indirectly. If we were to enter into an arrangement with a third-party, it would do so in accordance with Rule 206(4)-3 of the Advisers Act.

### ***Balance Sheet***

Emerald does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### ***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

Neither Emerald nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

***Bankruptcy Petitions in Previous Ten Years***

Emerald has not been the subject of a bankruptcy petition in the last ten years.