



Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

This brochure provides information about the qualifications and business practices of Summit Equities, Inc. If you have any questions about the contents of this brochure, please contact us at 973-285-3670 or by email at compliance@sfr1.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 Summit Equities, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. Summit Equities, Inc. CRD number is 11039.

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Registration with the SEC does not imply a certain level of skill or training

Version Date as of 3/31/2014

Item 2 Material Changes

Summit Equities, Inc. has had no material changes in business.

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A. Description of the Advisory Firm

Summit Equities, Inc. is a SEC Registered Investment Adviser; Securities Broker/Dealer and a Member of the Financial Industry Regulatory Authority ([FINRA](#)) and of the Securities Investor Protection Corporation ([SIPC](#))

Summit Equities has an experienced staff of portfolio design, investment managers and strategists, and options and equities trading professionals. It is not affiliated with any one particular investment company. There are no persons who own 25% or more of the firm.

The firm has been in business since April 30, 1982.

B. Types of Advisory Services

Summit Equities, Inc (“Summit”) offers the following services to advisory clients:

1. Investment Supervisory Services

Summit offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Summit will obtain profile information of each client to aid in the selection of a portfolio that matches each clients’ specific situation. Investment Supervisory Services include, but are not limited to:

- ❖ Investment Strategy
- ❖ Asset Allocation
- ❖ Risk Tolerance Assessment
- ❖ Asset Selection
- ❖ Regular Portfolio Monitoring

Investment Supervisory Services are provided to our clients wherein we place mutual funds and partnerships trades and supervise these trades through the confirmations we receive to ascertain that the investments are properly executed for the benefit of our clients. Summit provides a program of strategic asset allocation and diversification based upon the stated objectives and risk tolerances of a client. Summit will assist the client to position his/her investments in accordance with the agreed upon allocation, using investment vehicles such as managed mutual funds, variable annuities, variable life contracts, and portfolios of individual issues. In this program, Summit Equities can provide management for a client portfolio on which it is not the broker of record.

2. Financial Planning

Fee based financial planning services are generally provided by Summit’s affiliate, Summit Financial Resources, Inc. although Summit Equities occasionally performs such services. The services are based on fixed fees and the final fee structure is documented in the financial planning agreement.

3. Services Limited to Specific Types of Investments

Summit limits its investment advice and/or asset management to mutual funds, equities, fixed income, ETF's, hedge funds, REITs, insurance products including equity index, variable, and fixed annuities. Summit may use other securities as well to help diversify a portfolio when applicable.

C. Client Tailored Advisory Services

Summit offers the same suite of services to all of its clients. However, each client profile assessment is used to construct a portfolio specific to that clients needs, restrictions, 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 Summit from properly servicing the client account, or if the restrictions would require Summit to deviate from its standard platform of services, Summit reserves the right to end the relationship.

D. Wrap Fee Programs

Summit does not engage in wrap fee programs.

E. Assets Under Management

Discretionary	\$1,344,052,761
Non Discretionary	<u>\$ 933,713,281</u>
Total AUM	<u>\$2,277,766,042</u>

Total Assets Under Management were calculated as of December 31, 2013

Item 5 Fees and Compensation

A. Fee Schedule

Investment Supervisory Services Fees

Investment Supervisory and Asset Management Services fees vary depending on the type of portfolio. Clients may terminate their accounts in writing without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization. In the event of termination after five business days, a non-refundable administrative fee of \$100 for each managed account will be charged and will be retained by the manager. The balance of the fee paid for each management contract will be refunded on a monthly pro-rated basis. The procedure applies to both annual and quarterly fee payments. Fees paid on a monthly basis are not refundable.

<u>FEE SCHEDULE</u>	<u>AMOUNT OF FEE ON ANNUAL BASIS</u>	
STRATEGIC ASSET ALLOCATION:	1.5%	Maximum Fee **
TACTICAL ASSET ALLOCATION:		
Flexible Asset Allocation	1.9%	Maximum Fee**
NATIONAL FINANCIAL PORTFOLIOS*:		
(Requires \$100,000 min account unless stated otherwise)		
Customized Flexible Managed Account (FA7)	1.5%	Maximum Fee**
Strategic Models Program	1.25%	Maximum Fee**
Strategic Models in Jefferson National	1.5%	Maximum Fee**
Sub Advisers & Third Party Money Managers		
Gates Advisors	1.65%	Maximum Fee**
Alliance Bernstein	1%	Maximum Fee**
Brinker Capital****		
SEI****		
Envestnet****		
****Please refer to Client Agreement with Money Manager		
*Accounts for family members may be aggregated		
** For larger accounts, Summit Equities may adjust the fee to a lower amount		

The final fee schedule is attached to every Investment Management Agreement. Fees are paid in advance monthly for Summit proprietary models. Fees are paid quarterly for all Sub advisors and Third Party Managers. For the individual stock portfolios, there are additional charges for the buy/sell tickets which will range from between 0.2% and 1.2%.

Financial Planning Fees

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$4,000 and \$50,000. Fees are paid in advance. In the event the client is not satisfied, they may request a refund in writing within 10 days of plan presentation but in no case after 6 months from execution of the contract for planning.

B. Payment of Fees

Payment of Investment Supervisory Fees

Advisory fees are generally withdrawn directly from the client's accounts with the client written authorization. Monthly fees are paid in the month the services are provided. Other fees are paid in advance.

Payment of Financial Planning Fees

Financial planning fees are paid via check in advance. Refunds for fees charged in advance are discussed in this section "Financial Planning Fees"

C. Clients are Responsible for Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.) Those fees are separate and distinct from the fees and expenses charged by Summit. Please see Item 12 of this brochure regarding broker/custodian

D. Outside Compensation for the Sale of Securities to Clients

Summit accepts compensation for the sale of securities to clients.

1. This is a Conflict of Interest

Summit and its supervised persons will accept compensation for the sale of securities or other investment products, including asset based sales charges or services fees from the sale of mutual funds to its clients. This presents a conflict of interest and gives the supervised person and Summit an incentive to recommend products based on the compensation received rather than on the client's needs.

Generally managed accounts consist of no-load funds or Series A shares purchased without a load.

2. Clients Have the Option to Purchase Recommended Products from Other Brokers

Clients always have the option to purchase Summit recommended products through other brokers or agents that are not affiliated with Summit.

3. Commissions for the Sale of Investment Products

Commissions are not Summit's primary source of compensation.

4. Advisory Fees in Addition to Commissions or Markups

Advisory fees that are charged to clients are not reduced to offset the commissions to markups on securities or investment products recommended to clients.

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

Summit Equities, Inc. does not assess performance-based fees or other fees based on a share of capital gains on or capital appreciation of assets of a client.

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Item 7 Types of *Clients*

Summit generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High Net Worth Individuals
- ❖ Corporations and/or Business Entities
- ❖ Pension & Profit Sharing Plans

Minimum Account Size

Summit does not impose an account minimum on brokerage accounts. However, Summit Equities may recommend other Investment Advisers as providers of investment management services for clients. Generally, a minimum account of \$100,000 - \$250,000 is required for these services. Additionally, Summit will impose minimums on its proprietary platform. These minimums are outlined in the contract with the client and are also available upon request. Summit may also recommend a program of Model Portfolios that are held in street name at National Financial Services LLC, a clearing agent for Summit Equities and a member of the New York Stock Exchange.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

A. Description of Analysis and Investment Strategies

Summits methods of analysis include fundamental analysis and technical analysis.

Fundamental analysis comprises the review of financial statements, media reports, and assessment of management of the funds, including but not limited to level of expertise and longevity of experience.

Technical Analysis comprises the analysis of historic market data; primarily price and volume.

B. Potential Risks in Investment Strategies

Summit utilizes long term and short term trading, options writing including covered options, or spreading strategies. In addition, it assists clients in long term deferred income strategies through use of variable annuities. Strategies also include hedging strategies through the use of hedge funds.

Summit's proprietary platform may provide tactical asset allocation services for clients in an investment program using a defensive and one or more aggressive mutual funds.

Investing in capital markets involves substantial risk that you, as a client, should be prepared to bear.

C. Specific Securities Risk

Clients purchasing variable annuities can expect to see additional charges imposed by the insurance manufacturer including mortality and expense charges, administrative fees, and annual contract fees. Withdrawals of earnings will be subject to income tax. Surrender charges may apply for early withdrawal. Investment options may be restricted with living benefits riders. Hedge funds are speculative in nature and may use leverage or other aggressive investment practices. As a result, client returns may be highly volatile, and clients may lose all or a portion of the investment in the fund. Risks in commodities investing are subject to world events, liquidity, shifting market preferences, trade signal disruption, and many other things that cannot be successfully predicted, but do have a significant impact on your future results. Investments in funds impose risk due to exposure to economic forces or factors for which the future is uncertain. Some of these are unique to individual funds, but many are common to many funds. Thus, a U.S. stock fund will typically move to a greater or lesser extent with the overall U.S. stock market. A fund's risk depends on how closely its return is coupled with given indexes, the riskiness of each index, and how closely the indexes tend to move together.

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

Item 9 Disciplinary Information

There are no legal or disciplinary events for Summit or those that meet the definition of management persons for purposes of this brochure.

Item 10 Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Summit is registered as a broker/dealer with the Financial Industry Regulatory Authority (“FINRA”). All advisers with Summit including management persons are registered representatives with FINRA.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither Summit nor its registered representatives are registered as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

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

Summit Financial Resources, Inc. - A New Jersey corporation which is a Federally Registered Investment Adviser and whose primary business is that of providing financial and planning services for a fee to individuals, partnerships, corporations, trusts, and estates. Such services may include planning and/or consulting in the following areas: investments, income tax, estate, insurance, cash flow, fringe benefit, college funding, pension, retirement, business continuity, and consulting.

Summit Investments, Inc. - A New Jersey corporation which provides consulting services and earns fees for services rendered to Summit Equities.

Summit Risk Management, Inc. - A New Jersey corporation which provides marketing support services for the related companies. In addition, Summit Risk Management, Inc. is licensed to sell various insurance products and may earn commissions or remunerations on such products.

The Summit Agency is a general insurance agency and may earn fees or compensation on insurance placed through it.

Petroleum Energy Development Co., Inc. - A New Jersey corporation which provides services related to the exploration and development of oil fields and wells. Petroleum Energy Development Co., Inc. is Managing General Partner of oil and gas drilling limited partnerships in which clients were solicited to invest.

D. Selection of Other Advisors and Related Compensation Arrangements

Summit Equities may recommend other Investment Advisers as providers of investment management services for clients. Summit may be compensated via a fee share from the advisors to which it directs those clients. This relationship will be disclosed in each contract between Summit and each third party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that Summit has an incentive to direct clients to the third party money managers that provide Summit with a larger fee split. Summit will always act in the best interests of the client, including when determining which third party manager to recommend to clients. Summit will ensure that all recommended advisors or managers are licensed or notice filed in the states in which Summit is recommending them to clients. Separately, Summit Equities is affiliated as “brother-sister” corporations, sharing common ownership and management, with the companies listed in 10.C above. All of the affiliates may receive fees, commissions or other remuneration from non-clients which may be the result of a sale or product or service by the affiliate to the client. Also, Summit Equities has solicitor agreements wherein fees are paid to a solicitor for referrals.

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

A. Code of Ethics

Summit maintains a Written Code of Ethics that covers prohibited purchases and sales, insider trading, personal securities transactions, exempted transactions prohibited activities, conflicts of interest, gifts and entertainment, confidentiality and privacy, compliance procedures, certification of compliance, training and education, record keeping, and annual review. Clients may request a copy of our Code of Ethics by contacting 973-285-3670 or by emailing compliance@sfr1.com.

B. Recommendations Involving Material Financial Interests

Summit Equities, Inc. has portfolios that may contain the same or similar securities as those recommended to clients. If Summit Equities, Inc. recommends a security to clients that Summit will buy for its own portfolio, the client's interest will have precedence over Summit's interest. In general, a client's order will be entered before Summit's or a RR's order in the same security.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of Summit Equities may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for the representatives of Summit to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Summit will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being sold.

D. Trading Securities At/Around the Same Time as Clients Securities

From time to time, representatives of Summit may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Summit to buy or sell securities before or after recommending securities to clients resulting in representative profiting off the recommendations they provide to clients.

Item 12 Brokerage Practices

A. Factors Used to Select Custodians and/or Brokers/Dealers

Summit's clearing and custody broker/dealer is National Financial Services ("NFS"). NFS was chosen based on their relatively low transaction fees and access to mutual funds and ETF's. Summit will impose additional fees to cover the internal cost of facilitating the transaction with NFS.

1) Research and Other Soft Dollar Benefits

Summit does not receive research, product, or service benefits other than standard execution from a broker dealer or third party in connection with client securities transactions.

2) Brokerage for Client Referrals

Summit does not receive referrals from a broker dealer or third party in exchange for using that broker dealer or third party.

3) Clients Directing Which Broker/Dealer/Custodian to Use

(a) Summit does not routinely recommend, request or require a client direct it to execute transactions through a specified Broker/Dealer

(b) Summit does not permit a client to direct brokerage

B. Aggregating (Block) Trading for Multiple Client Accounts

Summit maintains the ability to block trade purchases across accounts for discretionary managed accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage if trades are not aggregated due to the best execution practices of our custodian.

Item 13 Review of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Summit's proprietary model portfolios are reviewed on a continuous basis or at the direction of the Chief Investment Officer with reviews also triggered by market or economic events. Clients in individual model programs are reviewed on a periodic basis based on the financial condition and profile of the client and annually by the adviser of the account. Clients with assets held with third party money managers are reviewed on a quarterly basis.

B. Factors That Will Trigger a Non-Periodic Review of a Client Account

Reviews may be triggered by material market, economic, or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, inheritance, or other life events)

C. Content and Frequency of Regular Reports Provided to Clients

Each client will receive at least quarterly a written report that details the client's account which may come from the custodian.

Clients may also request summary reports of all of their assets with all third parties as well as NFS.

Item 14 *Client* Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients

Summit does not receive any economic benefit, directly or indirectly from any third party for advice rendered to Summit clients. Economic benefits include sales award and other prizes

B. Compensation to Non-Advisory Personnel for Client Referrals

Summit may from time to time compensate solicitors for client referrals. Terms of the compensation are disclosed to the client in the management contract and upon request.

Item 15 Custody

Clients will receive, at a minimum, quarterly statements from the custodian, or other qualified custodians and should carefully review those statements.

Clients may also receive accounts statements from Summit. Clients are advised to compare the account statements received from the custodian to those received from Summit.

Item 16 Investment Discretion

Summit has discretionary authority over specific model portfolios on its platform and it determines the securities to be bought or sold, the amount of securities to be bought or sold, and the timing of the purchases and sales of the securities. Summit's discretionary authority for management accounts extends to determining what mutual funds or individual equities and what amount of each are to be bought or sold in a particular portfolio. For these accounts, no load or Class A shares @ NAV are generally used. In the past, B or C Class shares fund accounts were created with any moves in these accounts made within the same family of funds. Some B or C share accounts continue to be managed, but generally no further such accounts are offered, except for smaller accounts and unless approved by the client.

Item 17 Voting *Client* Securities

Summit will not request or accept voting authority for clients. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

ASSETS

Cash and cash equivalents	\$ 3,974,000
Receivable from clearing organization and other receivables.	2,826,430
Fixed and Long Term Assets	784,899
Total Assets	\$ 7,585,329

Accounts Payable to clearing organization	\$ 105,293
Current Liabilities	3,156,271
Long Term Liabilities	98,103
	<hr/>
Total Liabilities	3,359,667

Common stock, no par value, Class A; authorized 1,250 shares; 60.720 issued	\$	7,500
and 39.250 shares outstanding Class B; non-voting; authorized 1,250 shares; 166.060 issued and 127.660 shares outstanding		15,178
Additional paid-in capital		1,137,172
Retained earnings		4,002,670
Treasury stock, 21.470 shares of Class A held at cost		(332,320)
Treasury stock, 34.830 shares of Class B held at cost		(604,538)
Total stockholders' equity		<u>4,225,662</u>
	\$	7,585,329

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

Summit has not been the subject of any bankruptcy petition in the last ten years.

Item 19 Requirements for State-Registered Advisers

Summit is registered with the Securities Exchange Commission

