

**Item 1 Cover Page**

# Palisade Investments, LLC

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

November 1, 2011

This Brochure provides information about the qualifications and business practices of Palisade Investments, LLC (hereinafter, 'Palisade Investments'). If you have any questions about the contents of this Brochure, please contact us at (775) 299-4600. 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.

Palisade Investments, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Palisade Investments also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure date 11/1/2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

Effective November 1, 2011 Palisade Investments changed structure as business entity from a sole proprietorship to a Nevada Limited Liability Company. The legal name is Palisade Investments, LLC. Palisade Investments, LLC may do business as Palisade Investments, LLC or Palisade Investments.

As of November 1, 2011 Palisade Investments manages approximately \$60,000,000 in assets. This amount will fluctuate depending upon market conditions and new client accounts.

Palisade Investments is subject to an examination of books and records from time to time by either State regulatory agencies or the Securities and Exchange Commission. A June 2010 examination of books and records resulted in findings that documentation of the annual offer of Form ADV was insufficient and annual updating amendments were not filed in a correct manner, resulting in a fine and the order to retain an outside compliance consulting firm.

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

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Robin DeSota at (775) 299-4600 or [info@palisadeinvestments.com](mailto:info@palisadeinvestments.com).

Additional information about Palisade Investments is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Palisade Investments who are registered, or are required to be registered, as investment adviser representatives of Palisade Investments.

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## Item 4 – Advisory Business

*Palisade Investments, LLC has been in business as a sole proprietorship since June of 1998 until October 2011 and an LLC since November 2011 and is owned 100% by Robin DeSota.*

Palisade Investments specializes in retirement plans and wealth management.

### *Qualified Plans:*

Palisade Investments will provide the Client with investment advisory services that may include:

- I. Meeting with plan sponsor to determine, current investment categories and options, permitted and restricted investment categories and appropriate number of investment options
- II. Developing an Investment Policy Statement (IPS)
- III. Assistance with the selection of investment options in each investment category
- IV. Developing model portfolios to be used as guidelines by participants in participant directed retirement plans
- V. Providing quarterly reports detailing the performance of each client's investment options as they are measured against criteria within the Investment Policy Statement
- VI. At least annually, an adviser representative will be available to meet with the investment committee to review performance information and to determine if there have been any material changes to the client's situation
- VII. Providing one-on-one advisory services to eligible participants in the retirement plan

### *Wealth Management Clients*

Palisade Investments provides some services which are unique for individual Wealth Management clients. These include:

- I. Investment Recommendations tailored to a client's unique circumstances
  - A. Overall financial condition of client
  - B. Consideration for taxation of account(s)
  - C. Client income/withdrawal needs from account(s)
  - D. Diversification needs of client

## II. Goals-Based Investing

- A. Unique goals and circumstances of client determine asset allocation objectives.
- B. Variable risk-modeling is used to help client determine a reasonable investment allocation strategy given their overall wealth and income in relation to their lifestyle objectives.
- C. We use a client's long-term goals and overall wealth factors to determine an overall asset allocation strategy.

As of November 1, 2011 Palisade Investments manages approximately \$60 million for its clients on a non-discretionary basis.

### **Item 5 – Fees and Compensation**

The specific manner in which fees are charged by Palisade Investments is established in a client's written agreement with Palisade Investments. Palisade Investments will generally bill its fees on a quarterly basis. Clients generally will be billed in advance, but may be billed in arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize Palisade Investments to directly debit fees from client accounts. Accounts initiated during a calendar quarter will be charged a prorated fee. Contracts may be terminated at the end of any quarter with 30 days advanced written notice. Since our contracts go through the end of a quarter, refunds are not applicable.

All fees are subject to negotiation under special circumstances.

Palisade Investments' fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Palisade Investments' fee, and Palisade Investments shall not receive any portion of these commissions, fees, and costs.

Applicant does not have a basic fee schedule. Applicant will charge fees based on such factors as services provided, size of account and market environment. Some clients may be charged more or less than other similar clients. Accounts may also be subject to minimum fees. Fees are based on the asset under advisement, project, retainer or some other

mutually agreed upon method. In general, our fees do not exceed 1% of assets advised though there could be exceptions. Also, our fee as a percentage of assets falls as the amount of assets we provide advice for from a client increases.

In cases where minimum fees are imposed on qualified plan clients, Palisade Investments recommends fees are paid directly by the client. Ultimately, it is the responsibility of the client to choose how to pay the fees.

Item 12 further describes the factors that Palisade Investments considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

Palisade Investments does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

Palisade Investments offers investment advisory and consulting services to corporate pension and profit-sharing plans, individuals, high net worth individuals, and other U.S. corporations and entities.

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

Palisade Investments uses asset class selection that is consistent with Modern Portfolio Theory. Asset Allocation funds and Target date funds may be selected that also utilize the principles of Modern Portfolio Theory. The risk levels of the strategies and fund selection is commensurate with the allocation to a particular asset class category and also as described in each fund prospectus for a fund holding.

Palisade Investments employs a five step investment management process.

Step One: Analysis of Current Position

Step Two: Design Optimal Portfolio

Step Three: Formalize Investment Policy

Step Four: Implement Investment Policy

Step Five: Monitor & Supervise

The primary due diligence criteria for manager selection are:

- Performance Relative to Peer Group
- Performance Relative to Assumed Risk
- Inception Date of Product
- Correlation to Peer Group
- Assets Under Management
- Holdings Consistent with Style
- Expense Ratio &/Or Fees
- Stability of Organization

Investing in securities involves risk of loss that clients should be prepared to bear. Clients may not achieve contemplated objective. Client portfolios are subject to losses over short or even long time periods. Clients should be prepared for substantial fluctuations in their account values similar to the risks inherent in the capital markets. This includes the price declines associated with stocks, bonds, commodity and alternative investments. Client portfolios will typically have significant allocations to foreign (non-U.S.) stocks and bonds which can be riskier than U.S. stock markets. Positions in emerging markets stocks and bonds are also typically held which involve high volatility and less liquidity than stocks and bonds from developed markets. In addition, allocations will typically be made to small cap and mid cap companies which involves more risk than investing in larger companies. Other types of risks inherent in the capital markets will affect client portfolios including but not limited to interest rate risks, default risks, credit risks, economic risks, geopolitical risks, natural disasters and other Acts of God, war, and other market related and non-market related risks.

Client portfolios are constructed based on a client's goals and needs. We follow the principles of Modern Portfolio Theory and Asset Allocation in that a higher allocation to equity type investments increases expected return and also the expected volatility of the portfolio. We focus on the overall total return of the portfolio. Clients seeking higher returns will have higher allocations to equity type investments and a relatively low allocation to bonds and cash. More aggressive investors should expect to see large price fluctuations in their portfolio values and be prepared for potential losses over extended periods of time for as long as ten or more years. More conservative investors will have relatively high allocations to bonds and cash and relatively low allocations to equity type investments. It is expected, but not guaranteed, that conservative investors will have less price fluctuation of their portfolio values. Clients with shorter time horizons will generally be more conservative while clients with longer time horizons will generally be more aggressive.

Client portfolios will generally be constructed using mutual funds, Exchange-Traded Funds (ETFs), Exchange-Traded Notes (ETNs), and other money managers. Occasionally, individual securities such as bonds or stocks might also be used. We utilize both actively managed funds as well as passive (index) funds. We select and monitor our money managers (i.e. funds) based on the criteria spelled out in the client IPS. There is the risk that the funds we choose will underperform other funds with similar objectives. In such cases, the underperformance of a particular fund will affect the overall portfolio of the client and could result in lower performance

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Palisade Investments or the integrity of Palisade Investments' management. Periodically and on request, Palisade Investments is subject to audits by the appropriate regulatory agency whether the Securities and Exchange Commission or the State Regulatory Agency. Palisade Investments is subject to an examination of books and records from time to time by either State regulatory agencies or the Securities and Exchange Commission. A June 2010 examination of books and records resulted in findings that documentation of the annual offer of Form ADV was insufficient and annual updating amendments were not filed in a correct manner, resulting in a fine and the order to retain an outside compliance consulting firm.



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

Palisade Investments and its representatives have no other financial industry activities or affiliations to report.

## **Item 11 – Code of Ethics**

Palisade Investments has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Palisade Investments must acknowledge the terms of the Code of Ethics annually, or as amended.

Palisade Investments anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Palisade Investments has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Palisade Investments, its affiliates and/or clients, directly or indirectly, have a position of interest. Palisade Investments' employees and persons associated with Palisade Investments are required to follow Palisade Investments' Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Palisade Investments and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Palisade Investments' clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Palisade Investments will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Palisade Investments' clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee

trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Palisade Investments and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Palisade Investments' obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Palisade Investments will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Palisade Investments' clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Robin DeSota [info@palisadeinvestments](mailto:info@palisadeinvestments).

It is Palisade Investments' policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Palisade Investments will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

Palisade Investments has selected TD Ameritrade as its custodian for retail clients because of overall value and service. Other custodians can/may be used. Services include custody of assets, trade execution, research, monthly statements, wide variety of mutual fund options, options trading, online platforms, and size/dependability. Client may pay lower or higher costs at another broker or custodian. Palisade Investments does not receive any hard-dollar compensation from TD Ameritrade or other custodians. Palisade Investments receives research services, software, an online trading platform and other online services solely as a result of its custodian relationship with TD Ameritrade or other custodians. In

addition, Palisade Investments receives discounted products and services as a result of its custodial relationships. Any beneficial research and services received from custodial relationships is used for the benefit of all clients regardless of whether or not said clients' funds are held with a particular custodian.

Palisade Investments is provided research, online access and other platform related services as a result of the custodian relationships, recordkeeper relationships, and relationships with money management firms such as mutual funds. In addition, Palisade Investments receives access to discounted products and services from its relationships with custodians and money management firms.

### **Item 13 – Review of Accounts**

Accounts are reviewed periodically either quarterly, semi-annually or annually depending upon the unique situation of the account. The nature of the review is consistent with the principles covered under Item 8.

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

Adviser and related persons may occasionally receive minimal economic benefits from non-clients. Such economic benefits typically occur in the normal course of business, are part of Adviser's due diligence and Advisory efforts and may take the form of meals and entertainment, shared expenses for travel, food and lodging for attendance at education and due diligence meetings, gifts of nominal value at conventions or holiday seasons, and practice management aids or publications. Adviser is sensitive to issues that may arise concerning conflicts of interest and does not believe that any of these nominal economic benefits adversely influences its objectivity or negatively influences its sense of fiduciary duty or obligations. Advisor has discretion to compensate others for referrals. There is no additional fee to the client for such an arrangement.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Palisade Investments urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements

may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

Palisade Investments does not have discretionary authority with any client.

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

As a matter of firm policy and practice, Palisade Investments does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Palisade Investments may provide advice to clients regarding the clients' voting of proxies.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information if you are required to prepay more than \$500 in fees, six months or more in advance. Palisade Investments does not bill more than 3 months in advance, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding