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**FORM ADV PART 2  
BROCHURE**

**TrendPointers Long/Short Model**



This brochure provides information about the qualifications and business practices of Sarasota Capital Strategies, Inc. If you have any questions about the contents of this brochure, please contact us at (941) 918-2255 and/or [service@etfpros.com](mailto:service@etfpros.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 Sarasota Capital Strategies, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Sarasota Capital Strategies, Inc. is 125951.

Sarasota Capital Strategies, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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## **Advisory Business**

Form ADV Part 2A, Item 4

Sarasota Capital Strategies was incorporated in 2002 by Ian Naismith and Anthony Welch. Naismith and Welch have been in the Financial Advisory business since 1992 and have worked together both formally and informally for 20 years. Naismith and Welch are equal owners of the company.

As a company whole, we focus on absolute return portfolio strategies using primarily exchange traded funds and mutual funds. Absolute return management seeks to limit downside risk in declining markets while participating in markets that are trending up. Most asset classes are considered for portfolios, including equities, fixed income, cash, commodities, and currencies.

This document specifically discloses a specialized joint effort between Sarasota Capital Strategies and TrendPointers. TrendPointers is a data provider and supplies data to Sarasota Capital Strategies. Sarasota Capital Strategies then takes the data and applies it to a technical model and trades according to entry and exit signals generated by the model. In this case, assets applied to this model are managed in a similar way for those clients' accounts that are participating in the model. However, clients who participate in this model may also participate in other strategies or models of Sarasota Capital Strategies, and such, require an additional disclosure concerning those services.

Clients are charged a set management fee for portfolio management services.

As of December 31, 2011 Sarasota Capital Strategies overall firm discretionary assets under management was approximately \$32,000,000. Sarasota Capital Strategies does not manage non-discretionary accounts.

## **Fees and Compensation**

Form ADV Part 2A, Item 5

Sarasota Capital Strategies is compensated for advisory services as a percentage of total assets under management. Accounts are charged .375% quarterly (or 1.50% annually).

Fees are deducted quarterly, directly from client managed accounts by Sarasota Capital Strategies. In some cases, a client with multiple accounts may prefer to have all fees deducted from a single account.

For the purposes of this specific model, Sarasota Capital Strategies will invest in exchange traded funds, each of which carries internal management fees. In addition, brokerage commissions may apply to transactions as well as account fees charged by the broker dealer and/or custodian.

Management fees are calculated on the value of assets in each respective account as of the last day of the calendar quarter and deducted from each account within a few days of a new quarter. A client that terminates the management agreement in writing may request a refund of unearned management fees by sending a written request to the Sarasota Capital Strategies home office. Refunds are determined by calculating the remaining days before the end of the quarter subject by the date in which the written request is received.

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

Form ADV Part 2A, Item 6

Sarasota Capital Strategies does not accept performance-based fee accounts. (e.g., fees based on a share of capital gains on or capital appreciation of assets in a client's account)



### ***Types of Clients***

Form ADV Part 2A, Item 7

Sarasota Capital Strategies provides to individuals, trusts, corporations, foundations and investment companies investment advisory services. Sarasota Capital Strategies suggests an initial minimum account size of \$30,000 for this type of trading strategy.

### ***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

Sarasota Capital Strategies uses a proprietary trading strategy to trade the TrendPointers Long/Short model. The basis for this strategy is TrendPointers Precast® data which uniquely track the dimensions and volatility of market expectations. TrendPointers captures Precast data by quantifying both business and mass media sentiment in regards to the overall economy, recession/recovery, and housing/construction. The result is true leading indicators that signal shifts in economic and market trends months in advance of conventional measures.

Additional technical analysis indicators along with a volatility based money management system are used as an attempt to enhance model performance and manage risk. As with any investing, the risk of loss is quite possible and clients should not invest funds that will be needed in the near future.

The TrendPointers Long/Short model is designed to enter into a long, neutral or inverse position in relation to broad market indices including the S&P 500, DB Diversified Commodities, Gold, and 20+ Year U.S. Treasury. Positions can be entered over multiple days or within minutes. A full position is taken at most, once every two weeks. There is no assurance that such trading will result in gains to the portfolio and could create additional losses.

The TrendPointers Long/Short model invests in exchange traded funds that seek to mimic specific indexes. Although indexes are more diversified than individual equities, there can be additional volatility and overconcentration risk associated with investing in a single asset class with exposure through a single security. With certain exchange traded notes (ETNs), a risk of credit quality can also be present. Sarasota Capital Strategies regularly weighs risk versus potential of exchange traded securities. However, the possibility of loss due to unforeseen circumstances does exist.

### ***Disciplinary Information***

Form ADV Part 2A, Item 9

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Sarasota Capital Strategies. Sarasota Capital Strategies has no history of any legal or disciplinary action.

### ***Other Financial Industry Activities and Affiliations***

Form ADV Part 2A, Item 10

Associated persons of Sarasota Capital Strategies are licensed insurance agents, and at times will be in the business of selling insurance products as a service to clients. The sale of these products will account for less than 1% of business operating time. Insurance associates may receive compensation for the sale of an insurance product. The client is under no obligation to purchase an insurance product through an associate of Sarasota Capital Strategies and is free to choose the sources through which to implement a recommendation.

Occasionally, members of Sarasota Capital Strategies contribute authored articles to financial publications. The views and opinions expressed in those articles are those of the authors and do not necessarily reflect the official position of Sarasota Capital Strategies. The approximate time spent on this activity account for less than



five percent of business operating time.

Sarasota Capital Strategies does not recommend or receive compensation from other investment advisers.

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

Form ADV Part 2A, Item 11

Sarasota Capital Strategies has adopted a code of ethics to establish a standard of professional conduct and responsibility for all members and associates. It is established upon the fundamental principles of fiduciary duty to clients as well as honesty, openness, fairness, integrity confidentiality, and professionalism. Sarasota Capital Strategies and its members are prohibited from engaging in fraudulent, deceptive, or manipulative conduct. Sarasota Capital Strategies and its members have an affirmative duty of utmost good faith to act solely in the best interest of its clients. A copy of our code of ethics will be provided upon request to any requesting current or prospective client.

Members and their immediate family are allowed to invest in the same securities that we recommend to our clients. To avoid conflicts that arise in connection with personal trading, Sarasota Capital Strategies has implemented policies and restrictions on member and immediate family accounts. Each member must conduct personal and immediate family trading so as not to conflict with the interest of a client. All associates of Sarasota Capital Strategies will disclose their personal trading activity by submitting monthly statements for review by either the chief compliance officer or a principal of the company.

### ***Brokerage Practices***

Form ADV Part 2A, Item 12

Sarasota Capital Strategies broker selection is based on a combination of factors such as transaction costs, quality of technology, service, responsiveness, execution, familiarity and financial strength.

Sarasota Capital Strategies does not receive soft dollars. (an economic benefit received such as research from a brokerage firm for executing trades through that broker)

While as a fiduciary, Sarasota Capital Strategies recommends that clients maintain their brokerage assets in accounts with FOLIOfn.. Sarasota Capital Strategies does not participate in any transaction fees or commissions paid to the broker dealer or custodian and do not receive any fees or commissions for the opening/closing or maintenance of client accounts.

Brokerage/Custodian Fees:

FOLIOfn will charge the following tiered FOLIOfn Brokerage Fees:

FOLIOfn Brokerage Fee as % of Assets	On Assets (per Client) Above:	Up To and Including Assets (per Client) of:
0.25%	\$0	\$250k
0.20%	\$250k	\$1mm
0.10%	\$1mm	unlimited

In addition, a minimum FOLIOfn Brokerage Fee of \$200 per year shall apply. All Brokerage Fees are tiered, and the Brokerage Fees and minimum fees are collected at the same level and at the same time and frequency as the advisory fees.

All orders executed outside of FOLIOfn's window trades shall cost \$3.95 per security per trade that shall be



billed directly to your account.

If FOLIO*fn* is not supplied with a valid client electronic mail address, FOLIO*fn* is required to send you paper statements, for which you will be billed \$150 per year (\$37.5 quarterly or \$12.5 monthly, depending on what billing frequency applies).

In addition to the brokerage fees above, FOLIO*fn* also charges special service fees to account activities that are not a regular function of managing money at FOLIO*fn*. For example, personal access check books, disbursement of funds by check or wire as well as broker-assisted transaction request. A list of fees can be found on FOLIO*fn*'s website <https://www.foliinvesting.com> or by contacting out office 888-383-8399 for a complete list of fees.

Not all investment advisers require their clients to direct brokerage. Sarasota Capital Strategies is required to disclose that by directing brokerage, Sarasota Capital Strategies may not be able to achieve most favorable execution of client transactions and that this practice may cost clients more money.

When effecting securities transactions for clients, Sarasota Capital Strategies will in most circumstances place aggregate orders (bundled transactions) within a trade window of FOLIO*fn*. Once an order is completed, the aggregate order is allocated in such a manner as to assure each client held by the same custodian the same average price per trade. This practice of bundling orders is generally beneficial to our clients in obtaining favorable executions. FOLIO*fn* has two daily trade windows: 10:00am and 2:00pm EST. In the event that an aggregate order is partially executed or filled, or not available, Sarasota Capital Strategies will allocate completed executions of transactions to client portfolios based on a rotational system that considers a random assignment of client accounts under its management dependent on where the client account is held, cash levels and restrictions as well as risk tolerance, objectives, execution costs along with individual account minimum order size. Accounts held outside the directed custodian will not have the opportunity to participate in bundled orders.

### ***Review of Accounts***

Form ADV Part 2A, Item 13

A principal of Sarasota Capital Strategies will review prior day client account activity within the next business day. Periodic reviews with clients are performed upon request from the client. Sarasota Capital Strategies encourages all clients to schedule a review of their portfolio at any time.

Performance reports are available upon request from the client. These reports are prepared with the use of Advent Axy's software for the time frame requested. Clients are urged to compare the account statements they receive from the custodian to those received by us.

### ***Client Referrals and Other Compensation***

Form ADV Part 2A, Item 14

Sarasota Capital Strategies does not receive an economic benefit from non-clients for providing investment advice to our clients. We do receive on a limited basis holiday or gifts based on special occasions from a few service providers. Examples include holiday food baskets that may include cookies, cheeses or chocolates. These gifts are not in conjunction with any compensation or incentive. Since this gives the appearance of a conflict of interest, Sarasota Capital Strategies has a gift log to record all gifts received. This gift log is reviewed and made available to any requesting client.

At times, members of Sarasota Capital Strategies are compensated for authoring articles in financial publications. Compensation for this activity is paid directly to the author and not Sarasota Capital Strategies.

Sarasota Capital Strategies compensates TrendPointers, LLC as a data provider based on a portion of the account management fee.



### ***Custody***

Form ADV Part 2A, Item 15

Sarasota Capital Strategies does not maintain custody of client funds or securities. Custody is maintained through FOLIO<sup>fn</sup>. FOLIO<sup>fn</sup> sends account statements directly to the client no less than quarterly and transaction confirmations within a few business days after a purchase or sale has occurred.

### ***Investment Discretion***

Form ADV Part 2A, Item 16

Sarasota Capital Strategies accepts discretionary authority to managed securities accounts on behalf of clients. Clients will execute a disclosure statement acknowledging the arrangement between TrendPointers, LLC and Sarasota Capital Strategies as well as discretionary management agreement giving Sarasota Capital Strategies authority to manage their securities accounts. We exercise discretion over the securities to be bought or sold and the amount of securities purchased or sold. Clients may place implied or directed portfolio restrictions. All direct restrictions must be in writing.

### ***Voting Client Securities***

Form ADV Part 2A, Item 17

Sarasota Capital Strategies does not have any authority to vote proxies on behalf of managed client accounts. These clients retain the responsibility for receiving and voting proxies for any and all securities maintained in the client portfolio. Clients will receive proxies or other solicitation directly from their custodian or transfer agent. Clients may contact Sarasota Capital Strategies with questions about their particular proxy solicitation.

### ***Financial Information***

Form ADV Part 2A, Item 18

Under certain circumstances, registered investment advisors are required to provide you with financial information or disclosures about their financial condition. Sarasota Capital Strategies 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.

### ***Additional Information***

It is the responsibility of the client to promptly notify Sarasota Capital Strategies if there are any current or anticipated changes in their financial situation, investment objective or risk tolerance. Clients may call in at any time during normal business hours to discuss directly with the investment advisor about their client account, financial situation, or investment needs. Additionally, Sarasota Capital Strategies shall not be required to verify any information received or omitted from the client or from the client's other professionals. The client retains absolute discretion over all investment implementation decisions and is free to accept or reject any recommendation made by Sarasota Capital Strategies.

