

# **Sunbridge Management Inc.**

**8899 Main Street  
Williamsville, NY 14221**

**(716) 626-0307**

**[www.Sunbridge.biz](http://www.Sunbridge.biz)**

November 5, 2013

This Brochure provides information about the qualifications and business practices of Sunbridge Management Inc. If you have any questions about the contents of this Brochure, please contact us at (716) 626-0307. 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.

Sunbridge Management Inc. 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 Sunbridge Management Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

We have had no material changes to our advisory business, services, or fees since our last annual updating amendment submitted on May 11, 2012. However, on November 5, 2013 we revised the content in our ADV Part 2A to provide fuller disclosure.

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## Item 4 - Advisory Business

Sunbridge Management, Inc. ("SMI") is a registered investment adviser based in Williamsville, New York. We are organized as a corporation under the laws of the State of New York. We have been providing investment advisory services since 1997. Gerald Dewes is the our principal owner.

We offer investment management services for clients who wish to utilize our individualized services. Each investment model or service provides continuous investment advice based on client objectives, needs, risk tolerance, and style of desired management. Each model or service may incorporate various security products. We will design an investment portfolio specifically for client based on the style of management you select. A client may chose to complete a client questionnaire. We may also substitute a "Profiles" document in lieu of the "client questionnaire". "Profiles" is a 3rd party software program which provides for client data acquisition, and generation of comprehensive financial plan. The Client Profile will help to clarify client financial objectives and goals, establish your tolerance to risk, and identify clients' desired style of management. The Client Profile or client questionnaire is used by our firm as the primary reference assessing and discussing clients needs and objectives. You may also indicate any special instructions or limits that you wish us to follow in managing your assets. Based on our analysis of your Client Profile, we will provide to you an initial asset allocation for your portfolio. The specific selections within the mutual funds, variable annuities, exchange traded funds, stocks bonds or other securities represent asset classes suited to your individual risk tolerance, goals, and management style. The percentages allocated to each asset class and/or individual investment selections may vary due to the nature of asset performance and/or the investment management service selected.

To help us provide accurate and timely management and reporting of your invested assets, it will be required that you establish an account with a designated custodian, such as Pershing, LLC, or Charles Schwab Advisor Services. However, assets may be held at a number of other qualified custodians such as, a mutual fund company, a variable annuity insurance company, or an independent custodian selected by you. Your custodian maintains the underlying records for the assets held in your account. **We will not serve as the custodian for your managed assets.**

Sunbridge Management Inc. will manage and recommend investments and investment strategies utilizing various investment research services, investment recommendation services, investment ranking and scoring services, institutional advisory services, market analysis services, and investment research services provided by third parties; therefore, a portion of the advisory fee paid by you to us may be used to compensate these third party providers of data, services and advice.

As of December 31, 2012 Sunbridge Management Inc. managed approximately 28.6 Million dollars on a discretionary basis.

## Item 5 - Fees and Compensation

*Sunbridge Management, Inc. offers 2 basic fee arrangements for clients' accounts.*

*A. Basic Asset Management Fee Schedule:*

- 1. \$0 - \$ 99,999 1.75% per annum*
- 2. \$100,000 - \$199,999 1.50% per annum*

3. \$200,000 - \$499,999 1.40% per annum
4. \$500,000 - \$999,999 1.25% per annum
5. \$1,000,000 - \$3,999,999 1.10% per annum
6. \$ 4,000,000 - 10,000,000 1.00% Per annum

*B. The Basic Planning Fee Schedule:*

1. *Basic Financial Plan - \$1000.00*
2. *Comprehensive Financial Plan and/or other Planning Services*
  - a. *Hourly Rate: \$125.00 per hour or*
  - b. *Agreed Fee.*

*Out-of-Town: Client agrees to pay travel expenses (mileage, airfare, car rental, hotel accommodations) to and from Williamsville, New York.*

*All fees are due upon completion of the plan or service.*

*Client or Advisor may terminate relationship in writing at any time. Client is entitled to a full refund for all unearned services starting five days from written notification.*

All fees are subject to negotiation.

The specific manner in which fees are charged by Sunbridge Management is established in a client's written agreement with Sunbridge Management generally referred to as the "engagement letter". Sunbridge Management will generally bill its fees on a monthly or quarterly basis. Clients are billed in arrears each calendar month or quarter. Clients will authorize Sunbridge Management to directly debit fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar month or quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar month or quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. *A customer/client may negotiate a custom fee arrangement with Sunbridge Management, Inc..*

**Additional Fees and Expenses**

SMI's 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, equity commissions, 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, 12-b1 fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to SMI's fee, and SMI shall not receive any portion of these commissions, fees, and costs. SMI will almost exclusively utilize "no-load" or "load waived" funds in client portfolios. We do not accept mutual fund commissions or payments from mutual fund company's for positions held by advisory clients.

## **Compensation for the Sale of Securities or Other Investment Products**

*Supervised persons at Sunbridge Management, Inc. may accept compensation in the form of a commission for the sale of securities or other investment products, outside of an advisory account, for an advisory client. This could be a conflict of interest as a commission could provide an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Our culture dictates that all recommendations are based on client benefit. We generally address this conflict by disclosing that a commission will be paid. We also disclose in writing (in our engagement letter) that we will disclose the commissions. We will disclose during presentation and make note of description in products prospectus. Because of our broker-dealer relationship clients may purchase products at only "approved" brokerage firms. We may not manage client assets at brokerages or custodians not approved by our broker-dealer. We require written permission from our broker-dealer in the form of a "3040" letter for all accounts opened.*

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

SMI does not charge or accept 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**

We offer investment advisory services to individuals, high net worth individuals, employee benefit plans or trusts, corporations and other business entities.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

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

### **INVESTMENT MANAGEMENT SERVICES**

We offer the Individualized investment management services. Our services may be periodically updated, modified, discontinued or added to as, as we deem necessary. Our Individualized Account Management programs are designed and managed using primarily but not limited to investments in ETFs, Bonds, Equities, Investment company securities (mutual funds), Variable products, and registered LPs. In all cases, investing in securities involves risk of loss that clients should be prepared to bear. The specific selections within the mutual funds, variable annuities, exchange traded funds, stocks, bonds or other securities represent asset classes suited to your individual risk tolerance, goals,

and management style. The percentages allocated to each asset class and/or individual investment selections may vary due to the nature of asset performance and/or the investment management service selected.

Sunbridge Management, Inc. offers clients individual portfolios, each targeting a different level of downside risk and potential reward. Client portfolios are typically managed without consideration for tax impact. Our portfolios include foreign as well as U.S. Stock funds. Each client's model or portfolio may incorporate various security products including but not limited to: registered investment companies ("mutual funds"), variable annuities, exchange traded funds, stocks, bonds, CD's and/or other securities. We will design an investment portfolio specifically for clients based on our understanding of the style of management you select. A client may chose to complete a client questionnaire. We may also substitute a "Profiles" document in lieu of the "client questionnaire". The Client Profile will help to clarify client financial objectives and goals, establish your tolerance to risk, and identify clients' desired style of management. The Client Profile or client questionnaire is used by our firm as a reference for understanding client needs, objectives, and risk tolerance. You may also indicate any special instructions or limits that you wish us to follow in managing your assets. Based on our analysis of your Client Profile, we will provide to you an initial asset allocation for your portfolio. The specific selections within the mutual funds, variable annuities, exchange traded funds, stocks bonds or other securities represent asset classes suited to your individual risk tolerance, goals, and management style. The percentages allocated to each asset class and/or individual investment selections may vary due to the nature of asset performance and/or the investment management service selected. We also offer portfolios which are primarily composed of equity's. We utilize a number of third party research services to provide us with guidance in equity selection. We will typically distribute a portfolio in such a way that no individual equity selection will make up a substantial component of overall portfolio in order to maintain diversification. We tend to hold equityies for a longer term period unless specific events cause us to act.

*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.

We may utilize margin in client accounts for the purpose of raising cash for client needs. Each client must sign a separate margin agreement before margin is extended to that client account. Fees for advice and execution on these securities may be based on the total asset value of the account, which includes the value of the securities purchased on margin. While a negative amount may show on a client's statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This creates a conflict of interest where we have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

The risk of using margin is in the event the value of the shares drops sufficiently, the investor 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." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

## **Item 9 - Disciplinary Information**

Sunbridge Management, Inc. has been registered and providing investment advisory services since 1997. Neither our firm nor any of our management persons has any reportable disciplinary information.

## Item 10 - Other Financial Industry Activities and Affiliations

### Registrations with Broker-Dealer

Persons providing investment advice on behalf of our firm are registered representatives with Lincoln Financial Securities Corporation, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

## Item 11 - Code of Ethics

### Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### Participation or Interest in Client Transactions

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### Personal Trading Practices

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.



## Item 12 - Brokerage Practices

We recommend the brokerage and custodial services of Charles Schwab & Co., Inc. ("Schwab"), a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We believe that Schwab provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services Schwab provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### *Your Brokerage and Custody Costs*

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades.

### *Products and Services Available to Us From Schwab*

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200.

### *Our Interest in Schwab's Services*

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients.

### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Directed Brokerage**

Persons providing investment advice on behalf of our firm who are registered representatives of Lincoln Financial Securities Corporation ("Lincoln") will recommend Lincoln to you for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Lincoln unless Lincoln provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through Lincoln and its primary clearing firm. Currently, Lincoln has provided advisory representatives of our firm with written authorization to place securities transactions with Schwab. Refer to the *Fees and Compensation* section above for additional disclosures on this topic.

**Block Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts.

**Item 13 - Review of Accounts**

Reviews are ongoing, and scheduled on a quarterly basis at client account level. Reviews are ongoing at the Investment universe level. Triggering factors include but are not limited to news, volume, price, manager change, performance, and risk factors/characteristics.

**Reviewers:**

Gerald R. Dewes, President and Chief Compliance Officer. Mr. Dewes reviews client accounts daily. Investment Universe is monitored on an ongoing basis. Instructions provided include but not limited to Asset Allocation, re-allocation, risk/reward profiles, solicitation of customer input, response to client requests, review and analysis.

Richard Turner, Investment Adviser Representative and Compliance Associate. Mr. Turner will on a regular and random basis review accounts for suitability, and compliance adherence with regard to documentation and suitability. This is a perpetual activity.

Written Client reporting is provided by custodian on a monthly basis. In addition a comprehensive Written Morningstar or "OMNI" (allbridge) report can be generated and delivered to client on a quarterly basis or on demand as client requests.

## Item 14 - Client Referrals and Other Compensation

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 - Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with Lincoln Financial Securities Corporation, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the *Fees and Compensation* section.

We have entered into contractual arrangements with Investment Adviser Representatives ("IARs") of our firm, under which IARs receive compensation from our firm for the establishment of new client relationships. The compensation to IARs is equal to a percentage of the advisory fee collected from you for as long as you are a client with our firm, or until such time as our agreement expires. You will not be charged additional fees based on this compensation arrangement. Incentive based compensation paid to IARs is contingent upon you entering into an advisory agreement with our firm. Therefore, IARs have a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

## Item 15 - Custody

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements to the periodic account statements you will receive from us.

## Item 16 - Investment Discretion

SMI usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, SMI observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, SMI's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions set by client must be provided to SMI in writing.

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

As a matter of firm policy and practice, SMI 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. SMI may provide advice to clients regarding the clients' voting of proxies if solicited by client .

## **Item 18 - Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about SMI's financial condition. SMI 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**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.