



# HUNTINGTON STEELE

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

**This brochure provides information about the qualifications and business practices of Huntington Steele LLC. If you have any questions about the contents of this brochure, please contact Scott Healey at (206) 204-0320. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about Huntington Steele LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 – Material Changes for Huntington Steele:**

There have been no material changes to our firm brochure since our last annual update (March 15, 2016).

We will ensure that you receive a summary of any material 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 provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Our Brochure may be requested by contacting Scott Healey, Chief Compliance Officer, at 206-204-0320 or [scott@huntingtonsteele.com](mailto:scott@huntingtonsteele.com). Additional information about Huntington Steele LLC is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4 – Advisory Business**

### **Who We Are**

Huntington Steele LLC (“HS”) was founded in 2003 by Patricia (Patsy) Huntington and Jennifer (Jen) Steele. Ms. Huntington and Ms. Steele are 50% owners and function as our Managing Directors.

We are a Seattle-based investment advisor that provides comprehensive wealth management services predominantly to high net worth individuals and families. We are retained by our clients to act as their advocates in all aspects of wealth management. We provide a fresh option to clients who want to establish and maintain a long-term relationship with experienced, independent, and accountable advisors. Patsy Huntington and Jen Steele bring over five decades of combined market experience to our clients.

### **What We Do**

At Huntington Steele, we separate financial advice from the business of solicitation and execution. By doing so, we give you the best of both worlds; a combination of unbiased and independent counselors and experienced advocates representing your best interests in the financial marketplace. We do not represent any particular firm, manager, or service provider. You may rely on us to help you consider a wide array of services pertaining to your wealth. Our hallmark is our dedication to the preservation of capital first and foremost.

### **Our Commitment**

While independent advice and client advocacy are absolutely necessary to successful long-term stewardship, these qualities alone are not sufficient without rigorous supervision. At Huntington Steele, we embrace the responsibility of maintaining vigilance over each of our clients. Our relationship with you gives us the required perspective to consider your dynamic overall structure and to suggest and collectively affect appropriate courses of action.

### **Our People**

**Patsy Huntington** (*Founder and Managing Director*) *YOB 1962*,

Patsy brings over 30 years of investment management experience to Huntington Steele. Her experience covers the breadth of investment management sectors, with a heavy emphasis on fixed income and economic analysis.

Prior to Huntington Steele, Patsy was a Managing Director at Banc of America/Montgomery Securities in San Francisco and then in Seattle, where she opened

the first Washington-based office for Montgomery. Patsy also brings 10 years of institutional sales experience from Salomon Brothers.

Patsy holds a Bachelor of Science degree in Industrial Engineering from Stanford University, 1984.

**Jen Steele (Founder and Managing Director) YOB 1970,**

Jen brings over 24 years of investment experience to Huntington Steele. Her experience spans many investment sectors, with a particular concentration on quantitative analysis, portfolio optimization, asset allocation modeling, and portfolio manager search, selection, and monitoring.

Prior to Huntington Steele, Jen was a Vice President at Banc of America Services in the high net worth client services group. Jen has also worked in Corporate Treasury management with Microsoft, The Walt Disney Company, and Amazon.com.

Jen holds Master and Bachelor of Science degrees in Industrial Engineering and a Bachelor of Arts degree in Psychology, all from Stanford University, 1992 and 1993.

**Our Services**

We offer the following services:

- Creation of consolidated balance sheet, income statement, and cash flow statement
- Creation of Investment Policy Statement
- Asset allocation planning
- Search, selection, and implementation of equity investment managers (sub-advisors) or exchange traded funds, as appropriate
- Search and selection of individual bonds or fixed income exchange traded funds, as appropriate
- Ongoing monitoring of investment plans
- Customized aggregated reporting
- Integration with tax, legal, and other advisors

- Ongoing operational reviews of account mechanics

### **Customized Advisory Services**

We tailor our advisory services to meet your individual goals and objectives. To establish the basic groundwork to formulate a customized investment plan, our Managing Directors will help you fill out our proprietary client profile. Our client profile outlines your assets, liabilities, investment objectives, risk tolerance, and any investment restrictions you may have. Once completed, our Managing Directors will create an Investment Policy Statement which clarifies our understanding of your goals, investment guidelines, portfolio composition, current allocation, and manager selection criteria. Each quarter, our Managing Directors will review your Investment Policy Statement to ensure we have the most up-to-date information.

To gain exposure to a desired asset class (large cap growth, small cap value, emerging market, etc.) we typically implement equity investment plans through third-party investment managers (sub-advisors). Each sub-advisor maintains certain “minimums” for investment. In some cases, the sub-advisor’s minimum may be in excess of your desired exposure to a particular asset class. When this occurs, we may recommend an exchange-traded-fund (ETF) to gain exposure in a particular asset class. ETFs are also used when there isn’t a compelling reason for active management.

Fixed income securities are managed in-house through either individual municipal bonds or fixed income ETFs.

In all cases (equity and fixed income) we will monitor account performance and allocations and will advise clients on specific situations or securities as needed.

### **Assets Under Management**

As of December 31, 2016, Huntington Steele managed client assets of \$738,099,423 on a discretionary basis. We do not manage assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **Huntington Steele Fees for Service**

Our standard management fee is derived by charging a percentage of assets under management. We typically charge between 70 to 100 basis points (.70% to 1.00%) per annum. All advisory fees are negotiable.

### **Timing of Fees**

All fees are payable quarterly, in advance. Under our standard billing format (percentage of assets under management) fees are calculated based on the total market value plus accrued income of assets under management. We calculate asset values as of the last business day of the calendar quarter. For example, your Q1 2017 fee would be based off your 12/31/16 total ending asset value.

### **Payment of Fees**

There are two options you may select to pay for our services. You may elect to have your fees deducted directly from your custodial account (preferred) or pay by check.

If you elect fee deductions, the following conditions will apply:

- You must provide written authorization permitting the fees to be debited from your custodial account (this authorization is contained in our “Engagement Letter”).
- We will send you a bill showing the amount of the fee, the value of your assets on which the fee was based, and the specific manner in which the fee was calculated.
- You will have five (5) business days from the date of the letter to review the fee and contact us with any questions or concerns.
- We disclose it is your responsibility to verify the accuracy of the fee calculation. Your custodian will not validate or determine whether the fee is properly calculated. All fee related activity can be found in the “transaction details” section of your custodial account statements. We encourage you to review this information carefully.
- If you elect to pay by check, we will issue an invoice for our services and payment will be due 15 days from the date of the invoice.



### **Other Fees You Should Understand**

The fees described above are Huntington Steele advisory fees only and do not include transaction fees, commissions, mutual fund/exchange-traded fund expenses, or sub-advisor fees. *(Please note: we pay all custody fees on your behalf).*

If you utilize sub-advisors or hold mutual funds/exchange-traded funds within your Huntington Steele portfolio you are effectively pay two entirely separate management fees on the same assets. The first fee is paid for the services provided by Huntington Steele. The second fee is either charged directly by the sub-advisor, or in the form of mutual fund or exchange traded fund expenses (which are deducted internally and reduce overall return).

Mutual fund and exchange-traded fund fees and expenses are set forth in the applicable fund prospectus. Fees imposed by sub-advisors are disclosed at the time you enter into an investment advisory agreement with the sub-advisor.

Huntington Steele does not receive any form of compensation from the sub-advisors or funds we recommend.

*Please see “brokerage” (Item 12) for additional information about transaction fees.*

### **Termination and Returning of Fees**

If you terminate your relationship with us prior to the end of a calendar quarter, all unearned fees will be returned to you.

*For example, if you terminated your relationship with us on March 1, 2017, and paid a Q1 2017 fee of \$17,500, you would be due a refund of \$5,833.33.*

$$\begin{aligned} &[(\# \text{ days in quarter} - \text{days under management}) / \# \text{ days in quarter}] * \text{fee paid} = \text{refund} \\ &\text{or} \\ &((90-60)/90) * \$17,500 = \$5,833.33 \end{aligned}$$

### **Prorating of Fees – Significant Contributions or Withdrawals Between Billing Cycles**

As we described above, our fees are billed quarterly in advance. If you made significant contributions or withdrawals between billing cycles, you may have overpaid or underpaid the previous quarter's fee. Thus, we will monitor and take into consideration any significant withdrawals or contributions made to your account(s) between billing cycles using the following formula:

*[contribution or withdrawal x quarterly fee x (days under management / 365)] = refund or additional charge.*

If the cumulative total for the quarter is greater than \$500, a refund or additional charge will be warranted.

For example, if you made a \$1,000,000 withdrawal on November 1<sup>st</sup>, you would have overpaid your Q4 2016 fee invoice by \$1,169.86 and would be due a refund. This refund would be reflected in your Q1 2017 fee invoice.

$$[\$1,000,000 \times .007 \times (61/365)] = \$1,169.86$$

Conversely, if you made \$1,000,000 contribution on November 1<sup>st</sup>, you would be charged \$1,169.86 for the 61 days of management that was not included in your Q4 2016 fee. The above charge will be reflected in your Q1 2017 fee.

*\*\*Please note: the above section only applies to clients that are charged management fees based on a percentage of assets under management and who have signed our standard Engagement Letter. If you have negotiated a different fee arrangement, this section may or may not apply to you. \*\**

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

We do not charge performance based fees (fees based on a share of capital gains on, or capital appreciation of, client assets). Our advisory fee compensation is charged only as disclosed above (Item 5).

## **Item 7 – Types of Clients**

Our clients are typically high net worth individuals or families. We define high net worth individuals or families to have investable assets with Huntington Steele in excess of \$1,000,000.

As a client, you have the ability to maintain individual accounts, joint accounts, trust accounts, retirement accounts, charitable accounts, and UTMA accounts.

### **Requirements for Opening and Maintaining an Account**

We typically impose a minimum account size of \$10 million in assets under management and minimum annual fee of \$70,000 per client or family. However, we do grant exceptions to this policy and permit some individuals or families to contract with us without meeting our minimum requirements.

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

### **Investments We Recommend**

We do not subscribe to a single investment strategy or recommend a particular type of security. As described in Item 4, you will receive a customized advisory plan that is tailored to your particular need. We routinely provide investment advice on the following:

- Exchange-Traded Funds
- Equity securities (exchange-listed, over-the-counter, and foreign issuers)
- Master Limited Partnerships
- Municipal securities

We will also provide advice (although not routinely) on the following:

- Mutual fund shares
- Stock options
- Warrants and Rights
- Corporate debt

- Commercial paper
- Certificates of Deposit
- United States government securities
- Securities options contracts
- Restricted shares

#### **Sources of Information**

We use yield, ratings, and other issue-specific data provided by private data services, such as Bloomberg, to gather information on fixed income securities.

Where sub-advisors manage the assets, we rely on reports produced by those sub-advisors as well as data purchased through independent databases and review performance against applicable benchmarks. We do not historically conduct independent research on the specific securities selected by a sub-advisor.

#### **Risk of Loss**

We work hard to preserve your capital and achieve growth. However, investing in securities involves risk of loss, which you should be prepared to bear.

### **Item 9 – Disciplinary History**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material in your evaluation of our firm or the integrity of our employees.

Neither Huntington Steele LLC nor any of its employees have any legal or disciplinary events to report.

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

Neither Huntington Steele LLC nor any of its employees have other financial industry activities or affiliations.

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

We have a fiduciary duty to place your interests ahead of ours. We have adopted a Code of Ethics that is intended to promote the highest standards of integrity and deter any wrongdoing. Our Code includes detailed policies, procedures, and requirements designed to ensure your interests are protected. A copy of our Code is available to any person, upon request.

Contents of our Code include:

### **Standards of Conduct**

- Compliance with laws, rules, and regulations
- Pre-clearance of employee personal securities transactions (see below for further detail)
- Protection of material non-public information
- Blackout periods
- Conflicting trades
- Gifts and Entertainment
- Employee outside business activities
- Spreading of false rumors
- Restrictions from participating in IPOs and limited offerings
- Reporting violations of the Code
- Employee receipt and intent to comply with the Code

## **Reporting Requirements**

Quarterly (or monthly, if there was any activity in the account) employees must submit account statements detailing transactions and holdings for which they have a direct or indirect beneficial interest.

Annually, employees must certify their understanding and compliance with our Code.

## **Sanctions**

Any violation of our Code of Ethics may lead to sanctions deemed appropriate by our Chief Compliance Officer (Scott Healey) and Managing Directors (Patsy Huntington and Jen Steele). Sanctions may include a letter of censure, suspension, or termination of employment.

## **Prohibition on Use of Insider Information**

We have adopted policies and procedures to prevent the misuse of “insider information” (material, non-public information). A copy of such policies and procedures are available to any person, upon request.

## **Material Financial Interest in Client Transactions**

We will not recommend that you buy or sell securities in which we have a material financial interest.

## **Recommending Securities and Employees Investing in Securities Owned By Clients**

Our investment philosophy is built around general asset allocation as opposed to individual stock selection. For the equity portion of your portfolio, we will either recommend a sub-advisor or an exchange-traded-fund (ETF) to gain exposure to a particular asset class. For fixed income securities, we will recommend individual municipal bonds or fixed income ETFs.

From time to time, our employees may take positions in the same securities that you own. This may include individual equity names purchased by our sub-advisors, individual municipal bonds, or ETFs recommended by our Managing Directors. While we do not feel this creates a material conflict of interest, we have taken steps to mitigate any potential conflicts of interest.

All employees must pre-clear securities transactions with our Chief Compliance Officer and transactions by our Chief Compliance Officer are pre-cleared by a Managing Director. The only exceptions to this policy are investments in: (1) direct obligations of

the Government of the United States, (2) banker's acceptances, (3) bank certificates, (4) commercial paper, (5) money market funds, or (6) open-end mutual funds. These investments do not require pre-clearance since we feel they do not involve potential conflicts.

Whenever trading occurs, our employees will always be last in or last out to ensure your interests are placed ahead of firm employees. We strictly prohibit trading shortly ahead of known client orders and will not violate our fiduciary responsibilities.

## **Item 12 – Brokerage Practices**

### **Recommending Broker-Dealers for Client Transactions**

We recommend the services of various brokerage firms to perform securities transactions and related functions such as clearance, settlement, and custody. Our recommendations are based on the brokerage firm's discounted commission rates, execution services, past experience, and our opinion of their customer service.

We continuously monitor and evaluate the performance and execution capabilities of our brokers to ensure you receive consistent and quality executions. Periodically, we will evaluate the transaction costs charged by our brokers against industry peers to evaluate their reasonableness. When evaluating the broker's charges, we may also take into account the factors described above when determining their reasonableness.

### **We Do Not Use Soft Dollars**

The term "soft dollars" refers to an arrangement where an advisor receives research or other brokerage services from a broker-dealer in exchange for executing trades through that broker. Under this type of an arrangement, the client would pay more than the lowest available commission in return for research services and products. *We have opted not to use soft dollars as they may not be in your best interest.*

### **We Do Not Use Brokerage for Client Referrals**

The term "brokerage for client referrals" refers to receiving referrals from any of our trading partners. Under this type of arrangement, there may be an incentive to select or recommend a broker-dealer based on referrals instead of the client's best interests. *Due to the potential conflicts of interest, we do not accept referrals from any of our trading partners.*

**We Do Not Allow Directed Brokerage**

Directed brokerage means the client instructs the advisor to execute transactions through a specified broker-dealer. *We do not allow directed brokerage because this practice may be detrimental to you.* Under a directed brokerage arrangement, we may be unable to ensure you achieve the most favorable executions on your transactions. In addition, this practice may end up costing you more money due to potentially higher brokerage commissions.

**Item 13 – Review of Accounts****Periodic Review of Accounts**

On a daily basis, our Managing Directors and Chief Compliance Officer review the account activity posted overnight and monitor any significant changes in account holdings or value. In addition, the Managing Directors and Chief Compliance Officer review the portfolio performance of our sub-advisors against their respective benchmarks. Portfolio performance that appears to deviate significantly will receive additional reviews and may necessitate a change in the manager or portfolio allocation.

No less than quarterly, the Managing Directors will discuss portfolio performance, asset allocation, and risk tolerance with you. The Managing Directors are responsible for monitoring your target asset class mix and will discuss re-balancing, if necessary. You are encouraged to contact the Managing Directors at any time, should any changes occur in your needs or risk tolerance.

**Content and Frequency of Client Reports**

You will receive aggregated reports from us on a quarterly basis. Monthly reports are available, upon request. You will also receive monthly account statements from your custodian (Northern Trust or Fidelity Investments) detailing your positions and account activity. You may view your positions, balances, and account history online at any time by logging into your account at either [www.northerntrust.com](http://www.northerntrust.com) or [www.fidelity.com](http://www.fidelity.com).

We encourage you to meet with our Managing Directors as often as you wish, but not less than once per quarter to discuss your portfolio, objectives, and other circumstances in greater detail.



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

We do not directly or indirectly compensate any person for client referrals. We also do not receive any other compensation or economic benefits (sales awards or other prizes) from non clients.

#### **Item 15 - Custody**

We previously disclosed in the “Fees and Compensation” section (Item 5) that our firm can, with your permission, directly debit advisory fees from your account.

Huntington Steele does not have actual or constructive custody (holding your funds or securities). Your assets are either held at Northern Trust or Fidelity Investments. In limited cases, your assets may be held at other custodians, if you utilize certain equity sub-advisors. You will receive monthly account statements from your custodian(s) covering the funds and securities in your accounts. Please review these statements carefully.

We will also provide you with a quarterly report that outlines your current holdings and portfolio performance. *Please note: the statements you receive directly from your custodian are the official record of your account.* We encourage you to compare and verify the information you receive from your custodian with the Huntington Steele report.

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

We retain discretionary authority over your accounts. Such authority is granted in our client contract or “Engagement Letter” with you. Discretionary authority means we have the authority to decide which securities to purchase or sell in your account. In many cases, this authority is subject to mutually agreed upon investment guidelines relative to your portfolio. You can impose restrictions on investing in certain securities or types of securities at anytime.

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

We accept authority to vote client securities (proxies) on your behalf. However, if you would like to vote your own proxies or would like to direct your vote on a particular solicitation, please contact our Chief Compliance Officer (Scott Healey) at (206) 204-0320.

### **Voting on Routine Items**

Our Managing Directors are responsible for making proxy voting decisions that are in your best interest. When voting on specific matters, the Managing Directors are responsible for evaluating the particulars that may include, but are not limited to:

- Changes in corporate governance structures
- Adoption or amendments to compensations (including stock option plans)
- Matters involving social issues or corporate responsibility

The Managing Directors generally vote routine items (described below) as recommended by the issuer's management and board of directors and against any shareholder proposals regarding those routine matters. Our rationale is the firm's management is in a better position to evaluate the need for them. We consider routine items to be those that do not change the structure, charter, bylaws, or operations of an issuer in any way that is material to shareholder value. Routine items may include, but are not limited to:

- Routine election or re-election of directors
- Appointment or election of auditors, in the absence of any controversy or conflict regarding the auditors
- Issues relating to the timing or conduct of annual meetings
- Name changes

### **Voting on All Other Items**

For items that are not deemed routine, the Managing Directors will vote proxies on a case-by-case basis. Such matters may include, but are not limited to:

- Issues pertaining to board of directors and its committees
- Anti-takeover measures
- Shareholder participation in shareholder meetings
- Changes in capital structure
- Stock option plans and other executive compensation issues
- Mergers and other significant transactions
- Social and political issues

### **Voting Proxies and Conflicts of Interest**

We are required to vote proxies that are in your best interest. It is essential, therefore, that material conflicts of interest or the appearance of a material conflict be avoided.

If we vote a proxy that could result in a conflict of interest between your best interests and the interests of our firm, a Managing Director will contact you to disclose the conflict and seek direction on how to vote the proxy. In situations where we are unable to reach you and disclosure is not possible, the Managing Directors may elect to follow the recommendation of an independent proxy service provider or abstain from voting.

### **Voting Records and Proxy Procedures**

If you would like to know how we voted any proxy in your account, please contact Scott Healey at (206) 204-0320 or email him at [scott@huntingtonsteele.com](mailto:scott@huntingtonsteele.com). You may also request a complete copy of our written proxy voting procedures at anytime.

## **Item 18 – Financial Information**

Huntington Steele does not require or solicit the prepayment of fees in excess of \$1,200, per client, more than six months in advance.

Huntington Steele is not subject to nor affected by any financial condition that would impair our ability to meet our contractual and fiduciary commitments with you.  
Huntington Steele has never been the subject of a bankruptcy petition.