



2175 Cole Street  
Birmingham, MI 48009  
248.566.1122  
[www.q3am.com](http://www.q3am.com)

## Form ADV Part 2A Brochure

Updated: April 25, 2011

This brochure provides information about the qualifications and business practices of Q3 Asset Management. If you have any questions about the contents of this brochure, please contact us at 248.566.1122 or [info@q3am.com](mailto:info@q3am.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.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Q3 Asset Management or any person associated with Q3 Asset Management has achieved a certain level of skill or training.

Additional information about Q3 Asset Management also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes**

The United States Securities and Exchange Commission adopted "Amendments to Form ADV" on July 28, 2010. This Firm Brochure, dated April 25, 2011, is our new disclosure document prepared according to the SEC's new requirements and rules. This document is a narrative that is substantially different from previous brochures.

After our initial filing of this Brochure, this Item will be used to provide clients with a summary of updated information. Consistent with the new rules, 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 fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

## TABLE OF CONTENTS

ITEM 1: COVER	
ITEM 2: MATERIAL CHANGES.....	i
ITEM 3: TABLE OF CONTENTS.....	ii
ITEM 4: ADVISORY BUSINESS.....	4
ITEM 5: FEES AND COMPENSATION .....	5
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	7
ITEM 7: TYPES OF CLIENTS.....	7
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	7
ITEM 9: DISCIPLINARY INFORMATION.....	8
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	8
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	9
ITEM 12: BROKERAGE PRACTICES.....	11
ITEM 13: REVIEW OF ACCOUNTS.....	13
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION.....	13
ITEM 15: CUSTODY.....	14
ITEM 16: INVESTMENT DISCRETION.....	14
ITEM 17: VOTING CLIENT SECURITIES.....	14
ITEM 18: FINANCIAL INFORMATION.....	14
ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS.....	14

## Item 4 Advisory Business

Q3 Asset Management Corporation is an investment advisory firm registered with the United States Securities and Exchange Commission that offers professional fee-based investment advisory services. The firm was founded in 2006. The term “fee-based” means that Q3 Asset Management is only compensated in the form of investment advisory fees. Those persons who are engaged in providing services under the Adviser are known as Advisory Representatives and these persons may receive commission, not through Q3AM, but through affiliated entities, as disclosed herein. The principal owners of the firm include Bradford Giaimo, Adam Quiring and Fadi Nona.

Q3 Asset Management specializes in quantitative analysis. Our research emphasizes technical screens as opposed to fundamental screens. Most of our analysis is designed to be applied to mutual and exchange traded funds. Many of our investment strategies maintain the ability to shift to a defensive posture during certain market environments. Some of our programs may utilize inverse or leveraged mutual funds from time to time.

### **Q3 Asset Management offers services on three levels:**

- I. Investment Management Services provided to other financial professionals and their clients.
- II. Services provided to other financial professionals and;
- III. Asset Management; Consultation and Financial Planning Services

#### **I. Investment Management Services Available to Other Financial Professionals and Their Clients.**

Q3 Asset Management offers a service whereby it can provide investment management services via unaffiliated Advisers and their clients. Details of this arrangement can be found under the *Client Referrals and Other Compensation* section of this brochure.

**II. Services Provided to Other Financial Professionals:** Q3 Asset Management is available to provide trading signals (buy and sell recommendations) to other financial professionals not affiliated with us. This service is provided via a subscription services available only to professionals for analysis. Since this is a professional service not available to the investing public, detailed information about the service is not provided herein.

**III. Asset Management, Consultation and Financial Planning Services:** Q3 Asset Management’s client services are primarily provided to individuals; pension and profit sharing plans; trusts, estates and charitable organizations; corporations or other business entities; and occasionally to associations or groups.

*Asset Management:* Q3AM offers professional management of various securities in order to meet specified investment goals for the benefit of the investors.

*Consultation:* Q3AM offers the opportunity to meet with, discuss and offer advice based upon a client’s particular investment needs.

*Financial Planning:* Q3AM works closely with our clients to determine how to best achieve their strategic goals and investment objectives.

As of December 31, 2010 Q3 Asset Management managed \$30,408,000 on a discretionary basis.

## Item 5 Fees and Compensation

Advisory fees for asset management services are agreed upon at the time of engagement. Our fees are charged quarterly in arrears and are based upon the market value of the portfolio, set forth by the custodian, as of the last market day of the relevant calendar month. Where services are initiated at any time other than the beginning of a calendar quarter, advisory fees will be pro-rated. Any additions of \$25,000 or more deposited to existing accounts will also be pro-rated. We reserve the right to modify fees (higher or lower) as outlined on the fee scale noted below, depending upon the nature of the engagement, complexity of services, time to be incurred, for pre-existing relationships, or other special situations and at our discretion.

<u>Portfolio Size</u>	<u>Investment Management Fee</u>
Up to \$500,000	0.625% Quarterly
\$500,000+	0.500% Quarterly

During the course of the Adviser-client relationship, you may terminate our services at any time upon written notice; however, you are still responsible to pay fees for services rendered. Q3AM may also agree to waive fees at our discretion. Should you have more than one account with Q3AM, balances will be aggregated when determining fees.

In the rare case where there is an absence of a portfolio value we will utilize at least one independent third party to assess the value of the particular holding. Q3AM reserves the right to modify the asset management fee for existing clients with 30 day's notice. This may occur when your circumstances or service needs have changed significantly. You are welcome to terminate services at any time without a termination fee; however a pro-rated service fee may still apply.

The advisory fees noted herein represent fees for our advisory services only. You may pay transaction, brokerage, commissions and other fees as well (e.g., custodial fees, account opening, maintenance, transfer, termination, cash wire transfer, retirement plan, trust fees, and all such applicable third party fees). For more information on brokerage fees please see the "*brokerage practices*" section of this brochure.

Payment of asset management fees may be paid directly by you or payment of fees may be made through a debit directly to your account by the qualified custodian holding your funds and securities. Direct-bill payments will be due as of the date posted on the invoice. If you have more than one account, you may choose to have all fees deducted from a particular account. For fee deductions, Q3AM adheres to the following criteria in accordance with the SEC's Investment Advisers Act of 1940, when payment is made via a qualified custodian: (1) The client provides written authorization permitting the fees to be paid directly from the client's account held by the independent and qualified custodian and the authorization is limited to withdrawing contractually agreed upon investment advisory fees; (2) The client will directly receive regular (monthly or quarterly) reports from the qualified custodian which reflect the Adviser's fee deduction; (3) The frequency of fee withdrawal shall be specified in the written authorization/agreement; (4) The custodian of the account shall be advised in writing of the limitation on the Adviser's access to the account; (5) The client shall be able to terminate the written billing authorization or agreement at any time.

Since custodians do not verify the accuracy of the advisory fee calculation, you should review each custodial statement and promptly contact us if any questions should arise. Clients must ensure they are receiving account statements directly from their custodial firm(s) and promptly report address changes to both Q3AM and their custodial firm(s).

You may terminate any advisory agreement for investment management services without penalty (full refund or no fees due) within 5 business days of signing the Agreement if the Adviser's ADV Part 2A was not delivered at least 48 hours prior to engagement. Alternatively, management services are ongoing until the client receives notice of termination or renewal. Either party may terminate the agreement by providing written notice. Where services are terminated prior to the conclusion of the calendar quarter, fees will be pro-rated.

Q3 Asset Management Corporation is available to provide Consultation Services or Financial Planning on an hourly basis. Advice may be provided on general or specific issues relating to such topics as financial management, risk management, asset allocation, investment research, financial issues relating to divorce or marital issues, estate planning, tax issues, retirement planning, educational funding, goal setting, or other needs as identified by the client. We may offer services regarding certain financial planning components but since we focus on Investment Management Services, we do not hold ourselves out as a comprehensive financial planning firm.

When Consultation or Financial Planning Services only focus on certain areas of client interests and needs or is otherwise limited, clients must understand that their overall financial and investment needs and objectives may not be considered as a result of time and/or service restraints placed on Q3AM's services. Clients requiring assistance on issues relating to matters outside of investment advisory topics should consult their personal tax adviser, legal counsel, or other professionals for expert opinions. When providing Plan-related services, the advice and recommendations are limited to Plan offerings and contracted service providers (e.g., custodial firms). Consultation and Financial Planning Services are not ongoing in nature unless otherwise noted in the Client Agreement. Therefore, in most cases, services are terminated upon delivery. The advice provided may include recommendations for updates and reviews. Additional or follow-up services are available as initiated by clients.

Fees for Consultation or Financial Planning are determined at the time of engagement based upon the time and effort required and/or the nature and complexity of services. Q3AM's hourly fee is \$200. We may require a retainer equal to ½ the proposed project fee in order to schedule services. In these cases, the project balance is due upon the delivery of services. Should your condition change during the course of services such that new advice, recommendations or research are required or the Adviser must re-work the advice, recommendations or other services, additional fees will apply. Q3AM will not engage in additional services that result in fees without the client's approval.

Two of Q3 Asset Management's Advisory Representatives, David Witkowski & Fadi Nona, are dually registered as Registered Representatives of Coastal Equities, Inc. ("*Coastal Equities*"). These Representatives may suggest that advisory clients purchase products and/or place transactions through Coastal Equities. Under such circumstances, these Advisory Representative may receive normal commissions, thus a conflict of interest exists between our interests and that of our clients since there is incentive to recommend investment products based on the compensation received, rather than on client's needs. Such conflicts are disclosed to clients prior to investing. Advisory fees are generally not reduced in situations where commissions are charges. Clients are under no obligation to purchase products recommended through the Adviser, Coastal Equities, or insurance companies. Clients have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with Q3 Asset Management.

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

Investment advisory fees are not “performance based” as Q3AM does not receive compensation based upon a share of capital gains or capital appreciation for any portion of funds under an advisory contract.

## **Item 7 Types of Clients**

Q3 Asset Management’s client services are primarily provided to individuals; pension and profit sharing plans; trusts, estates and charitable organizations; corporations or other business entities; and occasionally to associations or groups. Q3 Asset Management imposes a minimum account size of \$75,000. Q3AM reserves the right to waive the minimum based upon individual circumstances, pre-existing relationships, where the minimum can be met within a specified time period, or at our sole discretion. We reserve the right to decline to provide investment advisory services to any person or firm.

If an account is subject to the Employee Retirement Income Security Act of 1974, as amended, (“ERISA”), the Adviser acknowledges that Adviser is a fiduciary within the meaning of the Act and the ERISA Client is a named fiduciary with respect to the control or management of the assets in the Account. In each instance, the Client will agree to obtain and maintain a bond satisfying the requirements of Section 412 of ERISA and to include the Adviser and the Adviser’s principals, agents, and employees under those insured under that bond and will deliver to the Adviser a copy of the governing plan documents. If the Account assets for which the Adviser provides services represent only a portion of the assets of an employee benefit plan, Client will remain responsible for determining an appropriate overall diversification policy for the assets of such plan.

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

Investing in securities involves risk of loss that you should be prepared to bear. Q3AM attempts to measure an investor’s risk tolerance, time horizon, goals and objectives through a data-gathering process in an effort to determine an investment plan or portfolio to best fit the investor’s profile. Your participation and the client’s delivery of accurate and complete information are critical to this process. Investment strategies may be based upon a number of factors determined by the type of investor.

Q3 Asset Management Corporation provides advisory services for portfolios ranging from conservative to aggressive, designed to help meet the varying needs of investors. The Adviser selects the strategy combination best suited to their individual needs after clients have defined their objectives, risk tolerance and time horizons.

Portfolio holdings are generally derived through methods associated with quantitative analysis. Q3 Asset Management places more emphasis on “technical” screens rather than “fundamental” screens. Investors should not expect to remain fully invested at all times as most of the Advisers programs maintain the ability to move into “money market” or “defensive” positions. Additionally, some of the Advisers programs maintain the ability to invest in “inverse” or “leveraged” products which may carry a higher level of risk. Many of Q3 Asset Management’s strategies may utilize short-term trading strategies in an effort to capitalize upon market trends.

As part of Q3 Asset Management’s research, we often conduct quantitative back tested simulations to see how a particular model may have performed over different market periods. It is important to understand that hypothetical performance results have certain inherent limitations. Unlike an actual performance record, simulated trades do not represent actual trading. Also, since the trades have not actually been executed, the results may have over or under compensated for the impact, if any, of certain market factors

such as lack of liquidity. You may have done better or worse than results derived from back testing. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown in any hypothetical research report.

Numerous publicly available sources of economic, financial and investment research are used by the Adviser to aid in investment decisions. Asset allocation software and historical performance modeling software may also be utilized. Q3AM clients are encouraged to discuss any questions that may arise regarding investment policies throughout the course of our engagement.

Q3AM generally does not consider tax consequences when purchasing or selling a security. The sale of investments may cause taxable gains or losses to the client. You are welcome and encouraged to consult your independent personal tax adviser about tax consequences resulting from transactions or any particular investment held in your account. The majority of Q3 Asset Management's programs trade frequently. Frequent trading of securities may affect investment performance through increased brokerage costs and through tax implications.

Q3 Asset Management offers a number of strategies that fall under the "tactical" category. Each of these strategies maintain the ability to invest in aggressive investment vehicles including sector, inverse and leveraged funds. The performance of these strategies may not correlate with a rising stock market and may be volatile. The following strategies are included as part of this group: Absolute Return, Tech100, Global Rotation, QE-Aggregator, Cipher, Tactical 5, Seasonal Allocation and High-Yield Select. The objective of these programs is not necessarily to outperform the market each year, but to post consistent returns through both bull and bear markets. There is no assurance that objectives will be realized.

Q3AM also offers a number of strategies that fall under the "strategic allocation" category. Each of these strategies maintain the ability to revert to a defensive position during certain market environments. Such defensive positions may include a higher allocation to bonds (including but not limited to government bonds). The following strategies are part of this group: Enhanced Allocation – 6, Strategic Allocation – 6, Global Allocation and Core Allocation. The performance of these strategies may not correlate with a rising stock market and the programs may invest in aggressive mutual funds or exchange-traded funds, including sector funds. The objective of these programs is not necessarily to outperform the market each year, but to post consistent returns through both bull and bear markets. There is no assurance that objectives will be realized.

It is important to understand that investing in securities involves a risk of loss that you must be prepared to bear. Past performance is no indication of future results.

## **Item 9    Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Q3 Asset Management.

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

As previously outlined, two of Q3 Asset Management's Advisory Representatives, David Witkowski & Fadi Nona, are dually registered as Registered Representatives of Coastal Equities, Inc. ("*Coastal Equities*"). These Representatives may suggest that advisory clients purchase products and/or place transactions through Coastal Equities.

Bradford Giaimo is the Principal of Q-Stick Trading, LLC and Fadi Nona is an Associated Person with Sweet Futures, LLC. Q-Stick Trading and Sweet Futures are commodities brokerage and consulting

firms and members of the National Futures Association (“NFA”). While the time spent on this outside business activity may vary throughout the year, it may account for just over 10% of their time. You are welcome, but are never obligated, to engage any business or services via Q-Stick Trading and Sweet Futures. When transactions are placed through Q-Stick Trading or Sweet Futures, Mr. Giaimo and Mr. Nona have the opportunity to earn normal commissions. In the event advisory clients should engage Q-Stick Trading or Sweet Futures’ services and commissions are earned, no advisory fees are charged on this portion of their portfolio (if under management). Q-Stick Trading, Sweet Futures and Q3AM do not accept custody of client funds or securities. Funds for Q-Stick and Sweet Futures transactions are sent directly to their respective clearing firms. Advisory funds are deposited directly via the clients’ custodian (additional fees may apply).

Some of Q3 Asset Management’s Advisory Representatives, Adam Quiring, Fadi Nona and David Witkowski, are independently licensed insurance agents with several insurance companies. The time spent on this outside business activity may vary throughout the year but generally accounts for no more than 10% of their time. Normal commissions from insurance products are earned and paid by insurance companies to this Advisory Representative when such products are placed directly with clients. Insurance products are often recommended to clients of to minimize clients’ exposure to identified risks and to meet personal and/or business needs. Although clients are under no obligation to purchase insurance products recommended, clients may do so when needs arise. Clients are always welcome to utilize the insurance provider of their choice and may implement recommendations in whole or in part, entirely at their discretion.

Pursuant to an agreement with Midland National Life Insurance Company, Q3 Asset Management provides portfolio management services for certain investors owning the Midland Vector II variable annuity. Q3AM is paid by Midland for its service at a rate of 0.35% annually, paid monthly in arrears. These fees are included in the mortality and expense ratio of the Vector II product, which is paid by the investor whether or not Q3AM is utilized. The time spent on this activity accounts for no more than 3% of Q3AM’s total time.

Pursuant to an agreement with Placemark Investments, Q3 Asset Management provides portfolio allocation instructions to Placemark, which they execute through various custodial platforms including, but limited to, TD Ameritrade’s *Unified Managed Account* platform. Q3AM is paid between 0.60% and 0.75% annually, based upon the size of each respective account. Placemark handles all suitability and administrative functions for client accounts. The time spent on this activity accounts for no more than 8% of Q3AM’s total time.

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

A copy of Q3AM’s Code of Ethics is available upon request. We take the issue of regulatory compliance seriously and are committed to maintaining compliance with federal and applicable state securities laws. Additionally, we have a position of public trust and it is our goal to maintain that trust; provide excellent service and advice that is suitable. Q3 Asset Management Corporation places great value on ethical conduct. Therefore, *the ultimate goal of our internal policies is to challenge our staff to live up not only to the letter of the law, but also to the ideals set forth by the Adviser.*

You may, or may not, be familiar with the roles fiduciaries play in various legal situations and in certain industries. As a Registered Investment Adviser, Q3 Asset Management Corporation is a fiduciary to each and every client.

As fiduciaries, Investment Advisers owe their clients several specific duties. According to the SEC, an Investment Adviser's fiduciary duties include:

- Providing advice that is suitable;
- Providing full disclosure of material facts and potential conflicts of interest (such that the client has complete and honest disclosure in order to make an informed decision about services of the Adviser and about investment recommendations);
- The utmost and exclusive loyalty and good faith;
- Best execution of transactions under the available circumstances;
- The Adviser's reasonable care to avoid ever misleading clients;
- Only acting in the best interests of clients.

It is Q3 Asset Management's policy to protect the interests of each of our clients and to place their interests first and foremost in each and every situation. Q3 Asset Management will abide by honest and ethical business practices to include, but is not limited to:

- ❖ Q3AM will make investment decisions with reasonable grounds to believe that the decisions are suitable for the client on the basis of information furnished by the customer and we will document suitability.
- ❖ Q3AM and its Advisory Representatives will not borrow money from clients.
- ❖ Q3AM will not recommend the purchase of a security without the reasonable belief that the security is registered, or the security or
- ❖ Transaction is exempt from registration in states where we provide investment advice and based upon information the Adviser receives.
- ❖ Q3AM will not recommend that the client place an order to purchase or sell a security through a broker/dealer or agent, or engage the services of a broker/dealer that is not licensed, based upon information available to the Adviser.
- ❖ Q3AM's staff will report all required personal securities transactions to Bradford Giaimo, the CEO and Chief Compliance Officer of Q3 Asset Management Corporation as required by the SEC. For a list of reportable or non-reportable securities, please contact us.

All applicable securities rules and regulations will be strictly enforced. Q3AM will not permit and has instituted controls against insider trading. Our representatives and administrative personnel who do not follow the Q3AM Code of Ethics or who in any way violate the rules and regulations of the SEC, or applicable rules and regulations of the state securities act, will be disciplined or terminated. Such persons could also face action by the SEC and/or a state securities regulator.

Q3 Asset Management emphasizes your unrestricted right to decline to implement any advice rendered, in whole or part. Where Q3AM is granted discretionary authority (in writing) of a client's account, the client is welcome to set investment parameters and/or limitations. Such direction is followed until such time the client amends those instructions.

Q3 Asset Management Corporation, or individuals associated with Q3AM, may have similar investment goals and objectives and (as a result) may buy or sell securities for their personal accounts that may be identical to or different from those recommended to clients. Thus, at times the interests of the Adviser's or staff members' accounts may coincide with the interests of clients' accounts. However, at no time will Q3AM, or any related person receive an added benefit or advantage over our clients with respect to these transactions. Q3AM and its associated persons will not place itself in a position to have added benefit as a result of advice given to clients. The staff of Q3AM shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry.

Bradford Giaimo & Adam Quiring, Principals of Q3 Asset Management Corporation, are responsible for the monitoring of personal trading conducted by staff.

## **Item 12 Brokerage Practices**

For clients utilizing Investment Management Services, Q3AM will generally utilize one of their preferred providers. These custodians may include Trust Company of America and TD Ameritrade. Additionally, the Advisory Representatives that are Registered Representative of Coastal Equities, Inc. may recommend this broker/dealer and variable annuity or mutual fund platforms to clients. Coastal Equities clears through First Clearing Corporation.

We believe that excellent customer service and trade execution available through its preferred services providers is superior to most non-service oriented and internet-based brokers that may otherwise be available to the general public. Q3AM's selected service providers feature a broad line of products and services for the many types of investors we work with.

At times, for accounts utilizing the preferred platforms, the custodial firm may effect clients' over-the-counter securities transactions on an agency basis. Typically, the service providers execute transactions based upon a number of factors. These factors include: Size of order, trading characteristics of the security, favorable execution prices, access to reliable data, availability of efficient transaction processing and possible price reductions. In filling these orders, the service provider may transact with a market-making broker-dealer ("market maker") on the other side of the trade. A market maker may mark-up/down the price of securities for which it makes a market, which is a cost that will be incurred by the client in addition to any agency commissions assessed by the client's service provider. Normally, best price and execution is obtained for over-the-counter securities transactions by executing directly with the market maker on a principal basis. Therefore, in some cases, clients may incur transaction costs, in addition to any commissions charged by their services provider, when trades in over-the-counter securities are effected on their behalf through that broker on an agency basis. The Adviser's choice to utilize the service provider's platform or similarly termed service available through the selected service provider may limit or eliminate the Adviser's ability to obtain best price and execution in each case.

In certain cases, a security may be purchased through another service provider and in such cases, the security purchased is then transferred to the client account at one of our preferred providers, and a "trade away" delivery fee is assessed to the client account. Clients are welcome to suggest use of their preferred service provider, in which case the Adviser may not be able to provide best execution, because of limitations that may be placed on the Adviser by the client's service provider. Brokerage direction is provided via the Client Agreement. The Adviser will continue to place trades through the client's selected service provider until such time new, written direction is received.

Q3 Asset Management recognizes its duty to obtain best price and execution for its clients under the circumstances available. The decision to recommend the preferred service providers is based upon the customer service provided to investors and the services available to the Adviser and providing such recommendation is consistent with the Adviser's fiduciary duty to the client. The Adviser may also consider the following:

- ❖ Quality of overall execution services provided;
- ❖ Promptness of execution;
- ❖ Creditworthiness, financial condition, and business reputation of the broker-dealer;
- ❖ Research (if any) provided;
- ❖ Promptness and accuracy of reports on execution;
- ❖ Ability and willingness to correct errors;
- ❖ Promptness and accuracy of confirmation statements;
- ❖ Ability to access various market centers;
- ❖ The broker-dealer's facilities and technology;
- ❖ The market where the security trades;
- ❖ Any expertise in executing trades for the particular type of security;
- ❖ Commission charged;
- ❖ Reliability of the broker-dealer;
- ❖ Ability to use ECNs to gain liquidity, price improvement, lower commission rates and anonymity;
- ❖ Execution and operational capabilities of the broker-dealer.

While it is possible that clients may pay higher commissions or transaction fees through its preferred service providers, Q3AM has determined they currently offer the best overall value to the Adviser and clients for the brokerage and technology provided. Q3 Asset Management periodically reviews other alternatives that are available.

Service providers make available certain account trading software to Advisers. Additionally, the Adviser may receive traditional "non-cash benefits" from service providers such as customized statements; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desks servicing Adviser participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees conveniently deducted directly from client accounts; access to an electronic communication network for client order entry and account information; access to mutual funds which generally require significantly high minimum initial investments or those that are otherwise only generally available to institutional investors; reporting features; receipt of regulatory compliance communications; and perhaps discounts or free access to business-related seminars and/or products.

While the Adviser's preferred service providers do not directly provide any research, it may offer discounts on general products. Any general research received is used for the benefit of all clients. The value of products, research and services given if any, is negligible and not a material factor. The benefits received through participation in the advisory programs of service providers may depend upon the amount of transactions directed to, or amount of assets custodied by these two firms. The Adviser has no written or verbal arrangements whereby it receives soft dollars, however, if client brokerage commissions were used to obtain research or other products or services Q3 Asset Management would be receiving a benefit since we would not have to produce or pay for the research, products or services.

Unaffiliated third party vendors may offer considerations such as invitations to attend industry-related conferences, seminars or workshops. The Adviser would generally not receive any considerations above paid admission and customary meals. The Adviser's CEO and Chief Compliance Officer, Bradford Giaimo, is responsible for monitoring and recording considerations received by the Adviser as well as given.

### **Item 13    Review of Accounts**

Investment Management involves continuous and ongoing services and provides for the monitoring and internal review of portfolio assets. Underlying investments are generally reviewed at least monthly. Some individual strategies are reviewed as frequently as daily. Individual portfolios as a whole are generally reviewed no less than quarterly. Portfolio reviews could occur more frequently, depending upon activity, at the time of new deposits or significant withdrawals, reported material changes in client conditions, at the Adviser's discretion or according to client's stated direction. Reviews entail the analysis of securities, sensitivity to overall markets, economic changes, investment results to ensure the investment strategy and expectations are structured to continue to meet clients' stated objectives. Accounts utilizing the same investment strategy may be reviewed as a group. Reviews are performed by Advisory Representatives under the supervision of the Chief Compliance Officer, Bradford Giaimo. Each quarter clients will receive a detailed account statement directly from their custodian. Additionally, Q3 Asset Management may provide quarterly written market updates to clients.

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

Professional advisers utilizing Q3AM to provide Investment Management Services on behalf of their clients will receive a solicitor fee typically amounting to 50% of the total advisory fee. Such advisers will ensure Q3 Asset Management's Form ADV is delivered to their clients at the time of their recommendation. Additionally, these investors will also receive an Investment Management Agreement which outlines the services to be provided by Q3 Asset Management, the fees for services and a compensation disclosure. These services will be separate and distinct from the personalized services provided by the investor's private adviser. Q3 Asset Management reserves the right to engage or deny services to any investment adviser, financial intermediary or investor for any reason.

In order to initiate services, the investor executes an Investment Management Agreement with Q3AM to engage the Adviser as an Independent Manager. The Investment Management Services provided will be based upon the investor's primary advisers data-gathering with their client and the directives provided to Q3AM.

Investors utilizing these services must understand that they are accessing the Investment Management Services of Q3AM through an unaffiliated personal investment adviser or financial intermediary who will provide the investor with ongoing discretionary or non-discretionary advisory services. The investor's personal adviser or intermediary is responsible for evaluating Investor's situation, gaining an understanding of investor's objectives, time horizon and risk tolerance; providing the investor with education on investment concepts; recommending an appropriate portfolio to investor; communicating necessary directions relating to the portfolio management and changes desired within investor's accounts to Q3AM; and consulting with the investor periodically to ensure that the recommended portfolio is suitable for the investor based on information Investor provides. The investors' personal adviser or financial intermediary is also responsible for the performance reviews of the investor's account, the review of Q3AM's performance of services, for explaining portfolio strategies and transactions, and to remain available to answer investor questions.

In providing these independent Investment Management Services, Q3AM will manage investor funds in accordance with a model portfolio or other investment plan selected by the investor and the investor's personal investment adviser or financial intermediary. Thereafter, Q3AM will provide ongoing monitoring and rebalancing of the portfolio in accordance with the directives provided.

Every investor is obligated to promptly notify their personal investment adviser or financial intermediary of any changes of a personal or financial nature that may materially affect investor's risk profile and consequently, the investment strategy and/or decisions employed in the managed portfolio. The investor's personal investment adviser or financial intermediary will evaluate such information and is obligated to promptly communicate directions to Q3 Asset Management in accordance with the terms of the agreement between Q3AM and the investor's personal investment adviser or financial intermediary.

### **Item 15 Custody**

Q3 Asset Management does not take custody of client funds or securities. Client assets are typically held at one of our preferred custodians which include Trust Company of America and TD Ameritrade. Client funds are held separately in the name of each client.

### **Item 16 Investment Discretion**

Q3 Asset Management accepts discretionary trading authority when managing securities accounts on behalf of clients. We emphasize the unrestricted right of clients to decline to implement any advice rendered, in whole or part. Where Q3AM is granted discretionary authority of the client's accounts, clients are welcome to request investment parameters and/or limitations in writing. Prior to assuming discretionary authority, clients must complete our Investment Management Agreement and acknowledge receipt of our Form ADV.

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

Q3AM does not have authority to vote client securities. Clients retain the authority to vote proxies and are responsible for ensuring that proxy materials are sent directly to them or the third-party they may assign.

### **Item 18 Financial Information**

Q3AM does not require prepayment of more than \$500 in fees per client, six months or more in advance. Neither Q3AM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to our clients. Q3AM has not been the subject of a bankruptcy petition in the last ten years.

### **Item 19 Requirements for State Registered Advisors**

The principal executive officers and management personnel of Q3AM are Bradford Giaimo and Adam Quiring. Bradford Giaimo serves as the Chief Compliance Officer of the firm. Adam Quiring may assist in certain compliance related tasks. Detailed educational and business background is provided in the Form ADV Part 2B. Q3 Asset Management does not charge performance based fees and does not have relationships with any issuer of securities.