

**Emerald Management Advisory Services
Client Brochure 2008**

ADVISOR: Knapp, Kirk Owen doing business as Emerald Management

BUSINESS FORM: Sole Proprietorship

MANAGEMENT: Chief Investment Officer/Chief Compliance Officer/CEO: Kirk O. Knapp, CFP®, CFA

ADVISOR ADDRESS / CONTACT INFORMATION

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Emerald Hills, CA 94062
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ADVISOR REGISTRATION NUMBERS:

Emerald Management Registered Investment Advisor Firm CRD # 137858
Kirk O. Knapp - CFP Board ID # 110512
Kirk O. Knapp - CFA Institute Member # 431540

BUSINESS ACTIVITY:

Investment Advisory Services Provided

- Financial Advisory: client financial situation assessment, goal definition, analysis of when/how goals can be reached, recommendations, and on-going advice, investment decision-making, portfolio monitoring & management, and client investment education. Can be split into two separately selectable services – a) develop/recommend/implement initial proposal and b) on-going management – or can be combined into one service.
 - review needs/goals, investable assets, income, tax situation
 - review current status of investments, pensions, Social Security, home equity & mortgage, etc.
 - assess risk tolerance
 - assess investment knowledge level
 - search out, analyze, recommend, implement, and monitor money managers encompassing any or all of the following:
 - Mutual funds
 - ETFs
 - Separately managed accounts
 - Partnerships
 - Direct investments in specific securities
 - determine specific concerns & issues affecting investment choices
 - project income and expenses through retirement
 - generate / discuss / implement specific investment proposals
 - changes/adjustments that improve chance of achieving goals
 - investment portfolio asset allocation
 - individual security recommendations
 - provide tax and portfolio performance reporting
 - provide introduction to and assist working with professionals in tax, insurance, & estate planning
- Any portion or all of the above services can be provided under any of three arrangements: percentage of assets under management, hourly-based project fees, fees for achieving specified portfolio performance levels.

Educational Services Provided

- Provide instruction in degree programs covering financial analysis and investment management.

QUALIFICATIONS:

Education:

- CFA Program, 2005 to 2007
- CFP Exam Preparation Course, 2004
- MBA Finance, UC Berkeley 1984
- BSEE U. of Illinois, 1975

Professional Financial Designations:

- CFA Charterholder, September 2007 [www.cfainstitute.org]
- CFP® Professional, July 2006 [www.cfp.net]

Financial Services Experience:

- Advised high net worth family office portfolios since 2003
- Worked at investment advisor firm managing high net worth portfolios
- Managed personal portfolio since 1979
- Provided financial analysis to high technology firms

Employment:

2008 to present: Teaching in financial analysis and investment management degree programs.

2003 to present: Investment advisory work within own firm Emerald Management and within Harris myCFO.

1985 – 2005: Strategic investment / product management / business development marketing for high-technology companies in Silicon Valley: GRiD Systems, Hewlett-Packard, SGI, Oracle, Network Appliance, and Omneon Video Networks.

1975 – 1982 Engineering services work within General Dynamics, Schlumberger Ltd., and Ircon Inc.

INVESTMENT PHILOSOPHY:

Emerald Management's investment philosophy is to focus on preservation of capital as well as growth in order to maintain and increase the portfolio's inflation-adjusted purchasing power and/or production of any required income. In addition, Emerald Management focuses on minimizing investment expenses which helps improve portfolio results. The capital preservation and growth goals are matched with each client's specific needs, desires, experience/knowledge level, willingness and ability to take risk, investable assets, and income in order to plan, construct, and manage each client's portfolio to best achieve agreed-upon goals while maintaining high comfort level that there is satisfactory progress toward achieving the goals.

Development and management of each client's portfolio draws upon many years of formal investment education via MBA, CFP, and CFA Programs as well as several decades of successfully managing private investment portfolios.

SUMMARY CODE OF ETHICS:

Code of Ethics / Standards of Professional Conduct

Emerald Management's Code of Ethics is modeled after the CFA Institute's Code of Ethics and Standards of Professional Conduct.

Owners and employees of Emerald Management shall:

- Place the financial interests of Clients ahead of their own financial interests in performing duties to clients under the terms of investment advisory contracts.
- Perform duties to Clients to the best of their abilities under the terms of investment advisory contracts.
- Act with integrity, competence, dignity, and in an ethical manner when dealing with the public, Clients, prospective Clients, and firms that have involvement with Clients' investable assets or Advisor's business such as broker-dealers, private money managers, estate lawyers, tax advisors, etc.
- Maintain knowledge of and comply with all applicable laws, rules, and regulations of any government, governmental agency, regulatory organization, licensing agency, or professional association governing the members' and employees' professional activities.
- Strive to maintain and improve their competence and the competence of others in the profession.
- Not engage in any conduct involving dishonesty, fraud, deceit, or misrepresentation or commit any act that reflects adversely on their honesty, trustworthiness, or professional competence.
- Not engage in any conduct or commit any act that compromises the integrity of any professional investment management designation they may hold, and shall follow the associated Code(s) of Ethics and Standards of Professional Conduct for each such designation held.

INFORMATION SOURCES

Emerald Management uses many information sources to continually monitor market trends, develop usable investment forecasts, generate specific investment ideas and recommendations, and manage investment portfolios. Information sources include but are not limited to the following types of sources (specific examples available on request):

- Internet sources including real-time quotes on market indices and individual securities
- Investment Newsletters
- Investment Advisor Magazines
- General Investment Business Newspapers & Magazines

FEE STRUCTURES:

Three fee structures are available. Clients can select one or a combination of fee structures applied to all of or portions of the portfolio, as mutually agreed to in advance. All fee arrangements are negotiable and contracts typically cover one year at a time. Emerald Management fees are in addition to and separate from any fees paid directly to money managers including mutual funds, ETFs, separately managed accounts, partnerships, and broker commissions.

[1] Percent of Assets Under Management / Fixed Fee:

Standard fee = .35% of assets under management per year. This is a percentage applied to all assets identified as the portfolio under management OR a fixed fee per unit of time, typically per month, quarter, or year. Asset allocation, reporting (positions, performance, assistance for tax planning & preparation, ...), on-going recommendations including adjustments based on expected market / sector / individual security performance, tax management, risk management, etc. are all included. Fees are annual totals, with the annual fee pro-rated and billed per billing period monthly, quarterly, or yearly as agreed to in advance. Both fees and services to be provided are negotiable per client. Fees & services rendered are cancellable going forward at the end of any desired month with fees owed for services completed.

- Example: .35% [35 basis points = .35 percent] applied to investable assets, total per annum, ¼ of annual fee to be paid in arrears at the end of each quarter of service multiplied by quantity of assets under management measured at the end of the quarter. For a \$1M portfolio, the annual fee would be $.35\% \times \$1M = \$3,500$, billed at the rate of $\$3,500 / 4 = \875 at the end of each quarter of completed service.

[2] Project-based / Hourly Fee

The standard hourly fee is \$175 per hour. This fee structure would be used for mutually agreed-to project(s) where the number of work hours required to complete the project(s) is predictable in advance and/or the client prefers to know in advance the total scope and/or duration of the services to be provided. Project(s) are negotiable in advance as to the number of hours required to complete the project(s) and fee per hour. This may be a one-time project or may be a project recurring at regular intervals such as once per quarter or once per year.

- Example: for a project agreed to as a 10 hour project, the total fee would be $10 \times \$175 = \$1,750$.

[3] Performance-Based Fee

Client must qualify as an accredited investor and meet other terms in order to consider a performance-based fee structure. Advisor fee is calculated using a mutually agreed-to formula correlating the fee amount to the performance of the portfolio vs. a specified benchmark; in general, higher performance generates higher fees and lower performance generates lower fees. A minimum fee applies unless a higher fee amount would be generated by performance greater than the benchmark over a specific timeframe.

- Example: if the performance fee is 10% of portfolio performance above an agreed-to benchmark with a minimum fixed fee of \$1,000 and the portfolio size is \$1M, then:
 - If the benchmark performance is 5% and the portfolio performance is 8%, the total performance fee would be $(8\% - 5\%) \times 10\% \times \$1M = \$3,000$.
 - If the benchmark performance is 5% and the portfolio performance is 6% or less, then the performance fee would be \$1,000.

VERIFICATION OF EMERALD MANAGEMENT INVESTMENT ADVISOR REGISTRATION AND FINANCIAL DESIGNATIONS

Investment Advisor Registration

Emerald Management's Registered Investment Adviser CRD # is 137858

To see Registered Investment Advisor documentation for Emerald Management, use the following procedure:

[1] go to URL/website www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_OrgSearch.aspx

[2a] Enter Emerald Management under 'Firm Name' and select 'Go'

OR

[2b] Enter CRD# 137858 under 'Firm IARD/CRD Number' and select 'Go'

Financial Designations

Go to the corresponding website and request verification information either directly through the website or by phone:

<u>Designation</u>	<u>Website</u>	<u>Member #</u>
CFP®:	www.cfp.net	CFP Board ID # 110512
CFA:	www.cfainstitute.org	CFA Institute Member # 431540