



## **Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure**

### **Managed Discretionary Fusion Portfolio**

#### **The Balanced Portfolio**

**March 13, 2015**

This brochure provides information about the qualifications and business practices of Parks Capital. If you have any questions about the contents of this brochure, please contact us at 585-248-5700 and/or [support@rpigllc.com](mailto:support@rpigllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Parks Capital is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **2. Material Changes**

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### **A. Conversion to 100% fee only advisory business**

The distinction between a "Fee Only Registered Financial Advisor" & "Financial Broker" can be confusing and complex to understand.

A "Financial Broker", is an individual who is associated with a broker dealer and sells products offered by the broker dealer to his/her clients based on their needs. A financial broker gets compensated by collecting a portion of the commission or sales charge paid on the trade. The fiduciary responsibility of a financial broker is limited to ensuring suitability of the product for his/her client at the time of sale.

A "Fee only Registered Financial Advisor" is an individual or firm who is registered with S.E.C or the state and provides financial advisory services on an ongoing basis to its clients for a fee based on the percentage of assets under management. Such advisors are paid only by their clients and do not collect commission or sales charges from third parties. Registered advisors also do not need to be associated with a broker dealer and can have access to products and services from multiple custodians and financial institutions.

While 99% of our business has been one of a "Fee Only Registered Financial Advisor" to our clients, in previous years we have maintained our relationship & our individual broker licenses with Excel Securities & Associates so we could act as registered brokers to the remaining 1% of our business where we could collect commissions and sales charges.

**Effective October 17, 2014, we have decided to no longer maintain a broker dealer relationship with Excel Securities & Associates and have effectively surrendered our individual licenses to be a financial broker and collect commissions on our business. Our advisors still hold their Series 65/66 and the firm continues to be registered as a financial advisory firm with the Securities and Exchange Commission.**

This change in our registration, while material from a regulatory point of view, does not affect the client accounts or our ability to service our clients. All account numbers and related services like statements, confirms, performance reviews etc. will remain the same. All client assets continue to be custodied with Pershing LLC.

### **3. Table of Contents**

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2.	Material Changes	2
4.	Services Fees & Compensation	4-6
5.	Account Requirements & Types of Clients	7
6.	Portfolio Manager Selection and Evaluation	8
7.	Client Information Provided to Portfolio Managers	9
8.	Client Contact with Portfolio Managers	10
9.	Additional Information	11-13

#### 4. Services Fees & Compensation

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The Advisory client may participate in one or more of the Adviser advisory services. The scope of such services is determined at the time such services are requested. Services are subject to the provisions of the respective agreements, including the provisions relating to separate payment of fees and the limitations of Adviser's duties and liabilities.

The firm currently manages client assets under the following investment programs:

- **Managed Discretionary Fusion Portfolio:**

Under this program the firm uses discretionary authority granted by the client to buy and sell equity, ETF and no-load<sup>1</sup> mutual fund investments suitable to achieve client's long term capital appreciation goals.

- **The Balanced Portfolio:**

*The balanced portfolio* provides advisory services for client accounts on a non-discretionary basis. Customized portfolios are created for clients based on the individual income and growth needs. The portfolio may include investments in no-load<sup>2</sup> mutual funds, exchange traded funds, equity & index options, domestic equity securities and fixed income securities.

Management fees ("fees") are based on the market value of assets under management at the closing date of the previous quarter. Funds added or withdrawn from an account during the previous quarter are charged on a pro-rata basis. Initially, fees are billed on a prorated basis from inception of the account for the remainder of the calendar quarter and quarterly in advance thereafter.

The fee schedule below for details on fee charged to client accounts:

Program Type	Quarterly (%)	Annually (%)
Managed Discretionary Fusion	0.375%	1.50%
The Balanced Portfolio	0.375%	1.50%

The management fees are non negotiable.<sup>3</sup>

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<sup>1</sup> A mutual fund in which shares are sold without a commission or sales charge.

<sup>2</sup> A mutual fund in which shares are sold without a commission or sales charge.

<sup>3</sup> Some clients have been grand fathered into a lower fee schedule

Fees are automatically deducted from the Client's account on a quarterly basis, in advance<sup>4</sup>. Clients who terminate during the quarter will receive a pro-rata reimbursement for pre-paid fees at the time of account closing.

Typically, the client is charged a single quarterly fee which includes the Adviser's advisory, clearing and custody fee as well as the cost of all transactions executed through Excel Securities & Associates, Inc., Member FINRA, SIPC. The Adviser uses the clearing and custody services of Pershing<sup>5</sup> for safekeeping assets and Excel Securities & Associates for execution of securities transactions for its clients.

There may be situations when a mutual fund or other vehicle will be used to fill a specific asset class. Mutual funds, or other vehicles that may be used in the clients account, may have charges and expenses that are imposed independent of the Adviser and may include investment management administrative and transaction expenses. Therefore, in cases where mutual funds or other vehicles are used, the client may be charged the underlying management fee for these mutual funds or other vehicles. These are explained fully in the prospectuses or other disclosure documents that the custodian delivers to clients.

Clients are free to choose or change broker dealers, provided that the chosen broker dealer can provide adequate services as determined by the Adviser. In the event such brokerage cannot provide such services, to be determined by Adviser, Adviser may be unable to accept management of the portfolio. A client choosing another broker dealer to direct brokerage transactions is responsible for negotiating fees or commissions with that broker dealer, unless Adviser has a wrap fee arrangement with such broker dealer. The client is responsible to independently determine whether the commissions charged or execution effected is done at rates or prices that are better than could be obtained had Adviser directed the trade. In such circumstances, the client will receive trade confirmations directly from the designated broker (or its clearing firm) and pay brokerage commissions in accordance with the designated broker's schedule of rates or whatever arrangement the client has negotiated.

Compensation under the wrap fee schedule may be more or less than purchasing such services separately. The cost of providing services separately would be affected by individual charges for custody, interest and dividend processing, disbursements, statements, valuation, research, advice and trading. These costs are also influenced by the number of securities in a portfolio and the amount of trading.

### **The Balance Portfolio Program (Misc. additional fee charges)**

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<sup>4</sup> Fee are deducted by Excel Securities & Associates for the benefit of the adviser

<sup>5</sup> Pershing is a member of the New York Stock Exchange and SIPC

In addition to the annual asset based wrap fee, the accounts under this program may also be charged the following fees for third party services:

1. **Performance reporting fee:** A fee of \$2.00 per month may be charged by Pershing LLC. to client accounts for performance reporting services.
2. **Retirement account closing fee:** A one time fee of \$75.00 may be charges by Pershing LLC. for closing a retirement account.
3. **Paper statements & confirms:** For clients choosing a paper statement & confirm delivery services a fee of \$0.75 per delivery may be charged by Pershing LLC.

## **5. Account Requirements & Types of Clients**

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Parks Capital is proud to offer to its services to a diverse range of clients. Our clients include high net worth individuals, retirement accounts, charitable trusts, pension & profit sharing plans for small & mid size companies.

While we focus more on the quality of our client base as oppose to their account size, we do have to maintain a minimum opening account size of \$500,000 to make our services effective for the client. On occasion there may be certain circumstances where the minimum account size may be waived.

## **6. Portfolio Manager Selection and Evaluation**

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Investments for portfolios are determined by Portfolio Managers, who apply standards and practices established by the firm in analyzing and making investment decisions. Portfolio Managers are required to have a relevant university degree and/or extensive industry experience and/or extensive knowledge and understanding of portfolio management theory and investing portfolios. All Parks Capital employees are encouraged to supplement their formal education and experience through various industry-related educational programs. Gina Griffo and Rajiv Dixit co-manage client portfolios. Managers are reviewed annually by Parks Capital's Investment Committee and will be replaced if long term performance and/or stability of portfolios are unsatisfactory. Portfolio Managers make investment decisions collaboratively for all clients.

Performance is compared to appropriate indexes based on the account allocations. Performance information reported by Pershing is reviewed for accuracy by the firm on a regular basis. Performance is presented net of fees quarterly.

Parks Capital's only investment strategies are those developed by Gina Griffo and Rajiv Dixit. They are the firm's two portfolio managers. This arrangement creates a conflict of interest in that portfolio managers could place their own or Parks Capital's interests before a client's interest. The potential conflicts and how they are addressed by Parks Capital's Code of Ethics is more fully described in the Additional Information section.



## **7. Client Information Provided to Portfolio Managers**

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The wrap programs offered by the firm are managed by the firm's principals Ms. Gina Griffo & Mr. Rajiv Dixit. Client's suitability and other information is actively available to the manager due to their role in the firm.

Parks Capital tailors its advisory services to the individual needs of clients by reviewing a client's personal information, goals and risk tolerance before the client enrolls in any sponsored program. Parks Capital's Investment Management Agreement includes a disclosure statement and a suitability questionnaire that all potential clients are asked to complete. Clients may impose restrictions on investing in certain securities or types of securities as part of this initial review, and may impose restrictions on their accounts at any time. Clients are requested to inform Parks Capital of any changes in the information provided at account inception and to review this information at least annually in writing.

## **8. Client Contact with Portfolio Managers**

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There is no restriction placed on contacting the portfolio managers directly. Clients are encouraged to interact with the managers reviews and updated to portfolio strategies.

Portfolio managers are available during normal business hours and can be contact at (585) 248-5700 / (877) 416-5700 or at [support@rpigllc.com](mailto:support@rpigllc.com).

## 9. Additional Information

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Parks Capital has had no legal or disciplinary events to disclose that are material to a client's or prospective client's evaluation of the advisory business or the integrity of management.

Certain Adviser employees act as broker-dealer representatives through Excel Securities. Under the supervision of Excel Securities the Adviser registered brokers may execute non-discretionary trades and receive commission based compensation through Excel Securities. (Any commission payments received are included in the calculation of the advisory fee for the client's account.)

Rajiv Dixit is the Chief Investment Officer of Parks Capital and as such manages investment strategy for the "*Managed Discretionary Fusion portfolio*" and "*The Balanced Portfolio*".

The firm's policy is to consider the clients interest before personal interests. Employees of the firm may execute transactions in their personal accounts in the same securities that are being executed in client accounts as long as there is not a perceived or potential conflict of interest. We has adopted a Code of Ethics and Personal Trading Policy in compliance with Investment Advisers Act rule 204A-1. The firm requires all associated persons to adhere to the highest ethical standards; placing client interest before personal interest. The firm also requires access persons to report initial and annual holdings reports, quarterly transaction reports, and to pre-clear transactions in IPO's and private placements. In addition, the firm has outlined the sanctions for failing to comply with the firm's Policies and Procedures. The Code of Ethics is available upon request.

### Parks Capital has adopted the following procedures:

- Employees are to identify any personal investment account and any accounts in which the employee has beneficial interest, including any accounts for the immediate family and household member, upon hire, annually thereafter and upon opening or closing any account(s).
- Initial Holdings reports must be submitted to the CCO.
- Annual Holdings reports must be subsequently submitted to the CCO.
- Personal investments in initial public offerings and limited offerings by access persons will be required to be pre-cleared.
- Employees are only permitted to trade subsequent to client orders being fully completed and evidenced by a time-stamp (unless employees are trading through a block traded with client accounts).
- All personal transaction reports are delivered to the CCO within 10 days following the quarter end. If any person opens a new account or trades

outside of the accounts previously disclosed to the CCO, the advisory person must report the account immediately to the CCO.

- All personal securities transactions are covered except transactions in direct obligations of the Government of the United States, broker's acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, or shares issued by non-proprietary registered open-end investment companies managed by another adviser.
- All supervised persons will be required to promptly report any violations of the adviser's code of ethics to the CCO.
- The review officer will review all employees' reports of personal securities transactions for compliance with the firm's policies, including the Insider Trading Policy, regulatory requirements and the firm's fiduciary duty to its clients, among other things.

The Adviser reviews accounts for performance on a portfolio level monthly and reviews securities held in the portfolios weekly. Recommendations are documented and implemented by a principal of the firm. Suitability reviews are offered to clients on a Bi- Annual basis; Investment performance reports, provided by Pershing, are reviewed by the principals of the firm upon receipt and with the client periodically upon request.

Pershing, as clearing agent, has custody of the assets and transmits trade confirmations to the client, Excel Securities, and the Adviser for all transactions executed, monthly statements for each month in which there is activity, and statements of securities held in custody at least quarterly to clients. Pershing provides the advisor with investment performance summaries for the client accounts which are available to the client upon request.."

The Adviser has full discretion over trading in client's '*Managed Discretionary Fusion portfolio*' accounts. All other accounts are on a non-discretionary basis. Under the supervision of Excel Securities the Adviser's registered brokers may execute non-discretionary trades and receive commission based compensation through Excel Securities for brokerage accounts.

The advisory fee charged to the client is not affected by the use of a third party in connection with the client's account(s), and the client will not be assessed any additional fees for the use of such services by the Adviser. If the services of a third party are used in connection with the client's account, the structure of the arrangement and the compensation paid to the third party will be fully disclosed to the client pursuant to Rule 206(4) of the Investment Advisers Act of 1940.

Parks Capital does not have custody of client funds or securities, or require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Advisor knows of no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

Parks Capital has not been the subject of a bankruptcy petition at any time during the past ten years.