

PINNACLE INVESTMENTS, LLC

Part 2A Appendix 1 of Form ADV: Firm Brochure December 9, 2015

Pinnacle Investments, LLC.
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SEC File Number: 801-67860
CRD Number: 142910

This brochure provides information about the qualifications and business practices of Pinnacle Investments, LLC. If you have any questions about the contents of this brochure, please contact us at (315) 251-1101 and/or compliance@pinnacleinvestments.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 Pinnacle Investments, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

We are dually registered with FINRA & SEC, although registration does not imply a certain level of skill or training.

Item 2 Material Changes

There have been some material changes since the last annual amendment brochure submitted March 31, 2014

Mark Hansen is Chief Compliance Officer effective October 8, 2015.

Broker-Dealer Pinnacle Investments, LLC changed clearing firms to First Clearing Corporation, effective December 3, 2014.

In conjunction with the change of clearing firm on December 3, 2014, Investment Adviser Pinnacle Investments, LLC has signed an Investment Consulting Services Agreement with Wells Fargo Advisors fee based programs, which are outlined in this brochure.

Item 3. Table of Contents

Item 1: Cover Page

Item 2: Material Changes

Item 3: Table of Contents

Item 4: Advisory Business

Item 5: Fees and Compensation

Item 6: Account Requirements and Types of Clients

Item 7: Methods of Analysis, and Risk of Loss

Item 8: Disciplinary Information

Item 9: Other Financial Industry Activities and Affiliations

Item 10: Brokerage Practices

Item 11: Review of Accounts

Item 12: Client Referrals and Other Compensation

Item 13: Custody

Item 14: Investment Discretion

Item 15: Voting Client Securities

Item 16: Financial Information

And if registering with one or more state securities authorities then

Item 17: Requirements for State-Registered Advisers

Item 4 Advisory Business

Pinnacle Investments, LLC is a dually registered broker-Dealer ("BD") and Registered Investment Adviser (RIA).

Pinnacle Investments, LLC is a member firm of FINRA and SIPC. We were founded in the year 1995 and organized as a limited liability company under the laws of New York State. Our fiscal year ends in the month of December each year.

Pinnacle Investments, LLC is 100% owned by Pinnacle Holding Company, LLC which is organized as a limited liability company. There are no individual owners of 25% or more of Pinnacle Holding Company, LLC. FKAPI, Inc., a domestic entity, owns 25% or more of Pinnacle Holding Company, LLC.

Pinnacle Investments, LLC offers the following advisory services: financial planning, portfolio management for individuals and/or small businesses, selection of other advisers, investment advisory service, and investment advice through consultation not included in aforementioned services

Pinnacle Investments, LLC has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services ("WFA Programs". Clients of investment advisory accounts described herein are clients of Pinnacle Investments. Pinnacle Investments is not related to or affiliated with WFA or First Clearing, LLC (the "Clearing Agent"). Unless otherwise specified, Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to Pinnacle Investments, LLC with respect to the following WFA Programs: Masters, Diversified Managed Allocations, Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, FundSource, Pathways and Financial Planning. Please review the appropriate WFA Disclosure Documents for a complete description of each program. Pinnacle Investments offers these programs in accordance with the following fee schedules:

WFA does not provide advisory services to Pinnacle Investments, LLC with respect to Private Investment Management, Asset Advisor, Private Advisor Network and CustomChoice. While Pinnacle Investments, LLC is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable Pinnacle Investments to offer these programs.

Masters

The Masters program offers investors a complete package of services including guidance for selecting investment managers and ongoing portfolio management. Key to the program is a list of money managers regularly evaluated by Wells Fargo Investment Institute.

Your Financial Advisor will work with you to create a strategy based on your life goals, investment horizon, risk tolerance, and other factors. He or she will work to choose the institutional manager — or managers — whose style, philosophy, and performance best suit your investment objectives. Your financial professional will actively manage and monitor your investment portfolio — along with the selected money managers — and make adjustments according to your stated long-term strategy. As your life circumstances change, your asset allocation and investment managers may also change.

Masters is designed for investors who seek an investment program based on research, analysis and an active approach to asset allocation.

Diversified Managed Allocations

Diversified Managed Allocations (DMA) is an investment advisory service that affords investors access to multiple third party investment managers in the framework of a single brokerage account. DMA features Optimal Blends, which we believe to be an innovative method of identifying and analyzing leading money managers throughout the United States in order to find the right fit for your individual situation. But finding the right managers is only half the story. Optimal Blends also focuses on how to combine managers in order to produce potentially better and more consistent returns. The DMA program uses a unique method of combining investment managers that identifies under what market conditions each manager excels or struggles and then subsequently constructs an optimal combination assigned to maximize the frequency and degree of performance success.

Wells Fargo Compass Advisory

A full discretionary separately managed account platform designed to pursue specific investment objectives, managed by Financial Advisors.

Allocation Advisors

The Allocation Advisors Compass ETF portfolios provide clients with access to nine model portfolios. The model portfolios are managed by Financial Advisors following the guidance and research from the Wells Fargo Investment Institute. The Allocation Advisors Compass ETF portfolios are actively managed asset allocation strategies which strive to provide not only strategic asset allocation, but also tactical adjustments in an attempt to take advantage of potential market opportunities. The minimum investment is \$50,000 for this program.

Customized Portfolios

Customized Portfolios offers taxable and tax-exempt fixed-income portfolios. Each portfolio is designed to help client achieve their goals for income and long-term potential growth of capital.

Portfolios can be tailored to meet individual client's unique fixed-income investment parameters including state bias request for municipal bond holdings, credit quality restrictions to a minimum grade, or designing a portfolio to meet specific liquidity needs.

Minimum account size is \$2 million

FundSource/Pathways

The FundSource program is a professionally managed mutual fund advisory program that offers clients access to a broad array of investment strategies that are designed to properly diversify an investor's portfolio in today's complex market environment. FundSource portfolios are constructed from a list of more than 240 mutual funds on which Wells Fargo Investment Institute (WFII) provides research and performs an extensive evaluation of the fund's management team, investment process and performance. On the basis of this research, FundSource provides you recommendations of mutual fund Optimal Blends that are consistent with your investment objective and risk tolerance. The program offers a range of risk based model portfolios, ranging from conservative income to long-term growth, as well as a customized option for those investors seeking a tailored investment approach

Private Investment Management ("PIM")

With PIM, certain specially trained Pinnacle Investment Financial Advisors (called Portfolio Managers) provide investment advisory and brokerage services to your account on a discretionary basis. As a minimum criterion for providing advisory services, Pinnacle Investments requires our Portfolio Managers to possess satisfactory past business experience, plus any required industry examinations and registrations. Based on your investment objectives and individual needs, your Financial Advisor will have discretion to manage your assets to an appropriate investment strategy.

PIM is based on both fundamental and quantitative research and other independent research. Individual PIM Portfolio Managers may develop specific investment strategies using a mix of these analytic methods. They also establish quality and concentration requirements to provide overall discipline. Such strategies ordinarily include long and short-term securities purchases and, depending on your objectives and the Portfolio Manager's

investment philosophy, supplemental covered option writing. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short sale transactions.

Portfolio Managers may use third-party research to assist in developing security selection models for PIM. When seeking to anticipate trends and identify undervalued securities with sound fundamentals, Portfolio Managers may also use a security selection and portfolio modeling process that incorporates fundamental, technical and statistical analyses of historical data. Due to any number of factors, including timing of deposits, investment selection process or investment needs, certain clients may receive different execution prices and investment results

Private Advisor Network

Through Private Advisor Network ("PAN"), Pinnacle Investments will assist you in identifying an investment adviser to perform investment advisory services with respect to your assets. Pinnacle Investment's services may include preparing an investment policy statement in connection with anticipated advisory needs, matching personal and financial data provided by you with a roster of investment advisers, periodic evaluation and comparison of account performance, and continuing investment performance and objectives.

Pinnacle Investments will provide information on investment advisers that appears to meet your needs. Screening criteria may include the investment adviser's past record, management style, location, size of account, etc. With the assistance of an Pinnacle Investments Financial Advisor, you may then choose one or more investment advisers to manage your assets.

All accounts are managed by the independent investment adviser(s) selected by you. Neither Pinnacle Investments nor WFA has discretionary trading authority with respect to such accounts. Information collected by Pinnacle Investments regarding PAN advisers is believed to be reliable and accurate but Pinnacle Investments does not necessarily independently verify it on all occasions. Pinnacle Investments does not assume responsibility for the conduct of investment advisers that clients select, including their performance or compliance with laws or regulations.

You will also be provided with a quarterly portfolio performance monitor. Pinnacle Investments or its agent will furnish you and/or the Pinnacle Investments with a statistical presentation of the performance of your account.

Pinnacle Capital Management

Pinnacle Capital Management, LLC ("PCM") was founded in August 2006 and is a wholly owned subsidiary of Pinnacle Holding Company, LLC. PCM is organized as a Delaware limited liability company. PCM has one office located in Fayetteville, New York.

PCM provides investment supervisory services and offers advice on:

- equity securities (exchange-listed securities, securities traded over-the-counter, foreign issuers),
- corporate debt securities,
- commercial paper,
- certificates of deposit,
- municipal securities,
- investment company securities (mutual fund shares),
- hedge funds
- United States government securities,
- options contracts on securities,
- interests in partnerships investing in real estate,
- asset backed securities (ABS) including but not limited to residential real estate mortgage backed securities (MBSs), collateralized loan obligations (CLOs), commercial mortgage backed securities (CMBSs), and ABS backed by credit card receivables, auto loans, and equipment leases,
- private placement debt securities.

PCM offers advisory services and sub-advisory services, where appropriate, to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, investment companies, hedge funds, corporations, insurance companies and other business entities.

PCM provides continuous advice to clients regarding investment of assets based on the individual needs of the client. Client investment objectives, risk tolerances and time horizon are established at the beginning of each client relationship and are routinely monitored throughout the relationship. If desired, PCM will assist clients in developing a personal investment policy and create and manage a portfolio based on that policy. PCM will manage advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the stated objectives of each client.

PCM will create a portfolio, or advise on the creation of a portfolio, consisting primarily of individual equities, exchange traded funds, mutual funds, hedge funds, fixed income securities and cash equivalents (e.g. money market funds). PCM will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds, hedge funds and exchange traded funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry or geographic sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by the investment style selected based on each client's individual needs and circumstances.

Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities. As appropriate, PCM may engage in margin transactions or option writing for client accounts. As these strategies involve additional risks, they will only be recommended when consistent with the client's stated risk tolerance.

PCM acts as a portfolio manager for a wrap program as discussed below. One of the significant differences between how PCM manages wrap fee accounts versus other accounts generally is that trading of a wrap fee account is executed through the sponsor of the wrap fee program. This form of directed brokerage may result in trading costs and execution services that are not as advantageous to the client as when PCM seeks "best execution." PCM receives a portion of the total wrap fee for its portfolio management services.

PCM provides portfolio management services in the Pinnacle Investments' Pinnacle Capital Management Separately Managed Account Program ("PCM SMAP"). PCM SMAP is a wrap fee program where Pinnacle Investments, LLC ("PI"), a dually registered firm affiliated with PCM through common ownership and control, acts as adviser and wrap fee program sponsor. PCM is the sub-adviser responsible for portfolio management services within the program. As part of its portfolio management services, depending on the version of the PCM SMAP agreement, PCM may vote proxies on behalf of participants. PCM is compensated by PI for providing portfolio management services for clients participating in the wrap fee program. The participants in PCM SMAP are clients of PI and not advisory clients of PCM. PI is responsible for assisting clients in understanding the wrap fee program in light of the client's investment objectives and financial situation – initially and on an ongoing basis. PI is also responsible for client communication, portfolio reviews, client services, account maintenance and communicating client portfolio strategy changes to PCM. PCM manages client portfolios in accordance with the portfolio strategy selected on the PCM SMAP agreement with full trading discretion, subject to written restrictions, and does not act in any other capacity. These clients should refer to PI's disclosure document for the program for additional information.

As of December 8, 2015 PCM managed approximately \$85 million on a discretionary basis.

Item 5 Fees and Compensation

All of the program accounts described in this brochure are charged a fee on eligible assets that covers advisory, execution, custodial, and reporting services. The Fee Schedules for each program are set forth below.

PIM Fee Schedule

PIM accounts are charged an all-inclusive fee that covers advisory, execution, custodial and reporting services. Billed quarterly in advance, the standard PIM fee schedule is based on program eligible assets:

<u>Total Account Value</u>	<u>Annualized Fee</u>
First \$250,000	3.00%
Next \$750,000	2.50%
Next \$1,000,000	2.00%

Private Advisor Network Fee Schedule

You have the choice of compensating Pinnacle Investments in one of two ways for Network services:

Fee Schedule - You pay a fee for both Network services and execution services, with no separate charge being imposed by us for brokerage commissions on agency trades or markups or markdowns on principal transactions. Billed quarterly in advance, the Private Advisor Network fee schedule is negotiable based on the following schedule:

<u>Total Account Value</u>	<u>Annualized Fee</u>
First \$250,000	3.00%
Next \$750,000	2.50%
Next \$1,000,000	2.00%

Allocation Advisors

Unless agreed by Pinnacle Investments in a separate writing, Client will compensate Pinnacle Investments for its services on a quarterly basis in advance at the fee shown above. The initial fee payment will be due in full on the date the Account is accepted by Pinnacle Investments ("the commencement date"), and will be based on Account Asset Value on that date with the initial fee prorated for the then-current quarter and covers the remainder of such quarter. Thereafter, the quarterly renewal fee will be based on the Account Asset Value on the last business day of the previous calendar quarter and will become due the following business day.

<u>Total Account Value</u>	<u>Annualized Fee</u>
First \$250,000	2.00%
Next \$750,000	1.50%
Over \$1,000,000	1.00%

WF Compass Advisors

Unless agreed by Pinnacle Investments in a separate writing, Client will compensate Pinnacle Investments for its services on a quarterly basis in advance at the fee shown below. The initial fee payment will be due in full on the date the Account is accepted by Introducing Firm ("the commencement date"), and will be based on Account Asset Value on that date with the initial fee prorated for the then current quarter and covers the remainder of such quarter. hereafter, the quarterly renewal fee will be based on the Account Asset Value on the last business day of the previous calendar quarter and will become due the following business day.

<u>Total Account Value</u>	<u>Annualized Fee</u>
First \$250,000	2.50%
Next \$750,000	2.00%
Over \$1,000,000	1.50%

FundSource/Pathways

Unless otherwise indicated, Client agrees to pay Pinnacle Investments the fees described below from their Account. Client fees will be deducted directly from their Account unless Pinnacle Investments and Client agree otherwise. Client understands that, as fees under the Program include, among other things, compensation for advisory services, they may be higher than certain other advisory and brokerage fee arrangements. As used herein, the phrase "Value of the Account" means the sum of the market value of all FundSource/Pathway Funds. Margin debit balances do not reduce the Value of the Account

<u>Total Account Value</u>	<u>Annualized Fee</u>
First \$250,000	1.75%
Next \$750,000	1.50%
Over \$1,000,000	1.15%

Customized Portfolios

Unless indicated, Client agrees to pay Pinnacle Investments the fees described below from their Account.

Global Dividend Payers

<u>Total Account Value</u>	<u>Annualized Fee</u>
First \$500,000	2.50%
Next \$500,000	2.00%
Next \$1,000,000	1.50%

Fixed Income Portfolios

<u>Total Account Value</u>	<u>Annualized Fee</u>
First \$5,000,000	1.25%
Next \$15,000,000	.75%
Next \$20,000,000	Negotiable

Masters

Unless otherwise indicated, Client agrees to pay Pinnacle Investments the fees described below from their Account. The Service has a wrap fee schedule (i.e., there are no separate charges for execution services or Manager fees). Client agrees to pay Pinnacle Investments the fees below to the type of account chosen by Client, which fees will be deducted directly from the particular Account, unless Pinnacle Investments and Client agree otherwise. If Client directs Pinnacle Investments to debit fees from an alternate account, this election will continue until Client provides notice of revocation of this election. Pinnacle Investments will have a reasonable amount of time to act on Client's election.

Equity & Balanced Accounts

<u>Total Account Value</u>	<u>Annualized Fee</u>
First \$250,000	2.75%
Next \$750,000	2.50%
Next \$1,000,000	2.00%

Fixed Income Accounts

<u>Total Account Value</u>	<u>Annualized Fee</u>
First \$250,000	1.50%
Next \$750,000	1.25%
Next \$1,000,000	1.00%

Pinnacle Capital Management

PCM's annual fee typically ranges between 0.50% and 3.00% and the minimum initial account value required for a separately managed account is generally \$50,000. All fees and account minimums may be negotiated.

Fees payable by advisory clients are payable in advance. Fees will be invoiced at the beginning of each quarter based upon the value (market value or fair market value in the absence of market value) of the Advisory account(s) at the end of the previous quarter or average daily balance for existing clients whose agreement specifies that calculation. The initial fee payable when an account is opened will be based on the initial deposit made into the account. If a client terminates an advisory relationship with PCM before the end of the quarter, a pro-rated refund of advisory fees will be made to the client.

Account Termination:

Your account agreements may be terminated by either party at any time upon notice. If you terminate your Agreement, a pro rata refund will be made, less reasonable start-up costs. You have the right, within five (5) days of execution, to terminate the Client Agreement without penalty. In the event of cancellation of Client Agreements, fees previously paid pursuant to the fee schedule will be refunded on a pro rata basis, as of the date notice of such cancellation is received by the non-canceling party, less reasonable start-up costs.

Pinnacle Investments, LLC is a member firm of FINRA and SIPC. We were founded in the year 1995 and organized as a limited liability company under the laws of New York State. Our fiscal year ends in the month of December each year.

Pinnacle Investments, LLC is 100% owned by Pinnacle Holding Company, LLC which is organized as a limited liability company. There are no individual owners of 25% or more of Pinnacle Holding Company, LLC. FKAPI, Inc., a domestic entity, owns 25% or more of Pinnacle Holding Company, LLC.

Pinnacle Investments, LLC provide continuous and regular supervisory or management services to securities portfolios. As of December 8, 2015, there are 1402 discretionary accounts representing \$331,301,318.85 of assets under management and 0 non-discretionary accounts under management.

Payment of Fees.

Client will pay the asset management fee outlined in the Fee Schedule section of the Agreement. The fee will be payable not more frequently than monthly in advance, but in no event less frequently than semiannually in advance, based on the average daily balance of the market value of the positions held in the Account Group. The minimum annual Program fee under this Agreement will be \$100.00. Accordingly, Client may pay an effective rate that is greater than the rate specified. Should this Agreement be accepted on a date other than the first day of the billing period, Client's asset-management fee will be calculated on a pro-rata basis for that period. Client hereby authorizes the Custodian to pay the fee directly to Pinnacle from the Account Group. To pay any fees incurred, funds will be deducted from the Account Group and if necessary from liquidating holdings in the following order: cash positions; money market funds or current positions in the Account Group. Client may be responsible for additional costs including, but not limited to, transaction and custodial fees. The fees for the Managed Account Program ranges from 0.00% to 3.00% of Assets Under Management annually. Furthermore, the fees are negotiable.

ITEM 6: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Account Requirements

The minimum initial account values for the Programs in this document are listed below. Under certain circumstances, the minimum account size may be waived. WFA may act as sub-adviser for the advisory programs. The minimum and maximum account size required by Pinnacle Investments may differ than that required by WFA as stated in its advisory program Wrap Fee Brochure or applicable Disclosure Document. You should refer to the chart below, as appropriate, to determine the minimum account sizes permitted.

Program Name	Minimum Account Size
Masters	\$100,000 subject to Manager's minimum
OMA	\$250,000 or portfolio minimum
Network	\$100,000 subject to Manager's minimum
PIM	\$50,000
Asset Advisor	\$50,000
Wells Fargo Compass Advisory	
Blue Chip	\$50,000
Value Investors	\$50,000
Managed DSIP	\$50,000
Conservative Growth	\$250,000
Moderate Growth	\$250,000
Long Term Growth	\$150,000
Conservative Growth and Income	\$250,000
Moderate Growth and Income	\$250,000
Long Term Growth and Income	\$250,000
Conservative Income ETF	\$50,000
Conservative Growth & Income ETF	\$50,000
Conservative Growth ETF	\$50,000
Moderate Income ETF	\$50,000
Moderate Growth & Income ETF	\$50,000
Moderate Growth ETF	\$50,000
Long Term Income ETF	\$50,000
Long Term Growth & Income ETF	\$50,000
Long Term Growth	\$50,000
Taxable Fixed Income	\$250,000
Intermediate Taxable Fixed Income	\$250,000
Tax-Exempt Fixed Income	\$250,000

Allocation Advisors	
Strategic Portfolios	\$25,000
Tactical Portfolios - Cyclical	\$50,000
Customized Portfolios	\$2,000,000
Custom Choice	\$25,000
FundSource	\$25,000
Pathways	\$25,000
Financial Planning	\$5,000,000

Types of Clients

Pinnacle Investments provides the advisory services described in this brochure to individuals, pension or profit sharing plans, trusts, estates or charitable organizations, corporations or other business entities, governmental entities and educational institutions, as well as banks or thrift institutions.

For Managed Account Program clients, the minimum account size is \$20,000. Accounts with assets below \$20,000 may be established on a case-by case basis.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Item 8A.B.,&C.

Pinnacle Investments, LLC 's security analysis methods include:

- ☐ Charting
- ☐ Fundamental
- ☐ Technical
- ☐ Cyclical

Pinnacle Investments, LLC 's main source of information include:

- ☐ Financial newspapers and magazines
- ☐ Research materials prepared by others
- ☐ Annual reports, prospectuses, filings with the Securities and Exchange Commission
- ☐ Company press releases

Pinnacle Investments, LLC 's investment strategies used to implement any investment advice given to clients include:

- ☐ Long term purchases (securities held at least a year)
- ☐ Short term purchases (securities sold within a year)
- ☐ Trading (securities sold within 30 days)
- ☐ Short sales
- ☐ Margin transactions
- ☐ Option writing, including covered options, uncovered options or spreading strategies

Investing in securities involves risk of loss that clients should be prepared to bear. In the case of a primary trading investing strategy, frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Item 7: Method of Analysis and Risk of Loss

Method of Analysis

The Financial Advisor may use a fundamental and technical approach in its security analysis. It may also utilize charting and cyclical analyses.

The Financial Advisor uses the following main sources of information: financial publications, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. Investors face the following types of risks:

Market Risk

The price of a security, bond, or mutual fund may drop (or rise in the case of shorted investments) in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events

Interest Rate Risk

Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Investment Advisor Risk

Financial Advisor's ability to choose suitable investments has a significant impact on the ability of the Strategies to meet their investment objectives.

Asset Allocation Risk

Financial Advisor's allocations between equity and debt securities could cause accounts to underperform relative to benchmarks and other accounts with similar investment objectives.

Inflation Risk

When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

Currency Risk

Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Business Risk

These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Financial Risk

Excessive borrowing to finance a business' operations increases the risk to profitability, because the company must then meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Margin Risk

To the extent margin is used in your account, you should be aware that the margin debit balance will not reduce the market value of eligible assets, and will therefore increase the asset-based fee you are charged. The increased asset-based fee may provide an incentive for your Financial Advisor to recommend the use of margin strategies. The use of margin is not suitable for all investors, since it increases leverage in your Account and therefore risk.

Item 8: Disciplinary Information

Pinnacle, without admitting or denying the findings, consented to the censure and fine in the amount of \$12,500 due to the findings that Pinnacle failed to preserve all business related communication sent or received by a registered rep and his assistant who was using outside email accounts.

Item 9: Other Financial Industry Activities and Affiliations

Pinnacle Investments, LLC is registered as a securities broker-dealer. We also have arrangements that are material to its advisory business or clients with a related person who is an investment company and other investment advisor. Pinnacle is also a general partner in a partnership in which clients are solicited to invest. These arrangements and partnerships are disclosed as follows:

OTHER BUSINESS ACTIVITIES AND AFFILIATIONS

Pinnacle Holding Company, LLC

Pinnacle Holding Company, LLC is the parent company of 1) Pinnacle Investments, LLC, 2) Confidential Planning I, LLC 3) Pinnacle Capital Management, LLC. Pinnacle Investments, LLC is affiliated with Pinnacle Advisors, LLC. Pinnacle Advisors, LLC is an SEC-registered investment advisor. The advisory services provided by Pinnacle Advisors, LLC are separate and distinct from the advisory services provided by Pinnacle Investments, LLC, or any other subsidiary of Pinnacle Holding Company, LLC.

Confidential Planning I, LLC

Confidential Planning I, LLC is a registered investment advisory firm focused on bringing single provider 403(b) retirement plans to educators and employees of schools, hospitals and not-for-profit (501c) organizations. The representatives may offer Plan Sponsors with customized investment advisory services, diversified investment menus, consulting and reporting, and participant educational programs.

Pinnacle Capital Management, LLC

Pinnacle Capital Management, LLC (PCM) is an investment management firm providing services to individual investors, corporations, pension funds, foundations, endowments, labor unions, insurance companies, healthcare organizations and governments. PCM specializes in managing equity, balanced and fixed income portfolios by identifying undervalued securities of well-known companies.

Sub-Advisory Services

PCM provides portfolio management services in the Pinnacle Investments' Pinnacle Capital Management Separately Managed Account Program (hereinafter "PCM SMAP"). PCM SMAP is a wrap fee program where Pinnacle Investments, LLC (hereinafter "PI") is the advisor and wrap fee program sponsor, and PCM is the sub-advisor responsible for portfolio management services. As part of its portfolio management services, depending on the version of the PCM SMAP agreement, PCM may vote proxies on behalf of participants.

PCM is compensated by Pinnacle Investments for providing portfolio management services for clients participating in the wrap fee program. The participants in PCM SMAP are clients of Pinnacle Investments and not advisory clients of Pinnacle Capital Management. Pinnacle Investments is responsible for assisting clients in understanding the wrap fee program in light of the client's investment objectives and financial situation; initially and on an ongoing basis. PI is also responsible for client communication, portfolio reviews, client services, account maintenance, and communicating client portfolio strategy changes to PCM. PCM manages client portfolios in accordance with the

portfolio strategy selected on the PCM SMAP agreement with full trading discretion, subject to written restrictions, and does not act in any other capacity. The Brochure for this Wrap Fee Program can be accessed via the following link:

<http://www.pcm-advisors.com/investorcommunication.htm>

Pinnacle Advisors, LLC

Pinnacle Advisors, LLC is a SEC-registered investment advisor and is affiliated with Pinnacle Investments, LLC. The affiliate CRD Number is 142910 and the affiliate Investment Adviser SEC File Number is 801-67860.

Item 10: Brokerage Practices

Pinnacle Investments, LLC does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions, sometimes called "soft dollars".

Pinnacle Investments, LLC's registered representatives working in an IAR capacity may enroll clients in managed account programs including those of entities affiliated with Pinnacle Investments, LLC.

Pinnacle Investments, LLC through its clearing firm has the ability to aggregate the purchase or sale of securities for various client accounts. This typically occurs when registered representatives are seeking best price execution for their clients.

Pinnacle Investments, LLC does not maintain custody of assets that we manage and/or which we advise.

We are independently owned and operated and are not affiliated with Betterment Securities. Betterment Securities will hold Ascend client's assets in a brokerage account of their choosing and buy and sell securities using their discretion.

For Ascend's clients accounts that Betterment Securities maintains, Betterment Securities generally does not charge separately for custody services, but is compensated as part of the Betterment Institutional platform fee, which is a percentage of the dollar amount of assets in the account in lieu of commissions. We have determined that having Betterment Securities execute trades is consistent with our duty to seek "best execution" of Ascend's client trades.

Item 11: Review of Accounts

At Pinnacle Investments, LLC a representative sample of accounts are reviewed at least quarterly. The securities held in Portfolio Management accounts are reviewed continuously, and Portfolio Management accounts may be reviewed more frequently in the event of material market, economic or political events or changes in the client's individual circumstances. All reviews are made by Pinnacle Investments, LLC's CEO, Eric Krouse, CCO, Mark Hansen & Municipal Securities Principal, Robert Cuculich.

Item 12: Client Referrals and Other Compensation

Pinnacle Investments, LLC (or related persons) does not compensate for client referrals nor does it receive economic benefits, such as sales awards or other prizes, for providing investment advice or other advisory services to our clients.

We receive a non-economic benefit from Betterment Institutional and Betterment Securities in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Betterment Securities. The availability to us of Betterment Institutional and Betterment Securities' products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Item 13: Custody

Pinnacle Investments, LLC does not have custody of our client's accounts. Account statements will be sent directly to our clients from our qualified custodian ("custodian"), First Clearing Corporation, or other firm where assets are custodied and should be carefully reviewed by our clients.

Under government regulations, we are deemed to have custody of our client's assets if, for example, the client authorizes us to instruct the custodian to deduct our advisory fees directly from their account. Betterment Securities maintains actual custody of the assets held in Ascend accounts. The client's statements will be available for the client to review on the activity section of their Betterment Institutional account portal. They will also be able to view account statements directly from Betterment Securities at least quarterly at www.bettermentsecurities.com.

Item 14: Investment Discretion

For discretionary clients, Pinnacle Investments, LLC requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold.

Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

Pinnacle Investments, LLC has discretionary authority to determine the following:

- ☐ Securities to be bought or sold for a client's account
- ☐ Amount of securities to be bought or sold for a client's account
- ☐ Broker or dealer to be used or recommended for a purchase or sale of securities for a client's account
- ☐ Commission rates to be paid to a broker or dealer for a client's securities transactions

Our code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules follows:

Pinnacle Investments, LLC will aggregate trades into trading block ("blocks") where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple clients' accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows Pinnacle Investments, LLC to execute equity trades in a timelier, equitable manner and to reduce overall commission charges to clients.

Item 15: Voting Client Securities

In Pinnacle Investments, LLC's Managed Account Program, clients may or may not receive company proxies on their holdings depending on whether they have authorized the Advisor to vote proxies on their behalf.

Item 16: Financial Information

In certain circumstances, registered investment advisors are required to provide clients with material financial information or disclosures about their financial condition. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important to an investment decision, or if it would alter the total mix of available information about the company.

Pinnacle Investments, LLC (PI) is a profitable entity, however we acknowledge that Pinnacle's parent, Pinnacle Holding Company, LLC ("PHC"), is not currently profitable. We do not believe this will have a material impact on PI's liquidity, capital resources or operations. Additionally, PI is audited annually and has always been given a "clean" opinion without any "ongoing concern" disclosures.

PI does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance for either discretionary or non-discretionary accounts and does not produce stand alone balance sheets for its investment advisor operations. PI has never been the subject of a bankruptcy proceeding and it regularly files financial statements with the SEC. These are available through the SEC.

Item 17: Requirements for State-Registered Advisers

Education & Business Background

GREGG A. KIDD BORN: 1962

Education

Graduated from Ithaca College in 1984 with a B.S. in Physical Education.

Employment History

Managing Partner, Pinnacle Investments, LLC. from 11/06 to Present.

Managing Partner, Pinnacle Investments, Inc. from 09/95 to 11/06.

DANIEL F. RAITE BORN: 1948

Education

Graduated from SUNY at Oswego in 1983 with a B.S. in Business.

Employment History

Managing Partner, Pinnacle Investments, LLC. from 11/06 to Present.

Member of Pinnacle Advisors, LLC. from 10/96 to Present.

Managing Partner, Pinnacle Investments, Inc. from 09/95 to 11/06.

ERIC D. KROUSE BORN: 1959

Education

Graduated from University of New Mexico, Anderson School of Management in 1986 with a B.A. in Business Administration.

Employment History

Financial Consultant, Smith Barney - Citigroup Global Markets from 12/00 to 10/05

Pinnacle Investments, Inc. from 10/05 to 07/07

- Financial Advisor, Vice President from 10/05 to 05/06

- Chief Compliance Officer from 05/06 to 08/06

President, Confidential Planning Corporation from 3/07 to present

Pinnacle Investments, LLC from 08/06 to present

- Chief Compliance Officer from 05/06 to 12/07

- Chief Operating Officer from 01/08 to 12/10.

- Chief Executive Officer from 01/11 to Present

- Chief Compliance Officer from 11/14 to 10/2015

Pinnacle Holding Company, LLC

- Chief Financial Officer from 6/2104 to present

- Chief Operating Officer from 10/2015 to present

DANIEL P. MODY BORN: 1971

Education

Graduated from SUNY Geneseo in 1993 with a B.A. in Mathematics. Certified Financial Planner Licensee in 1997.

Employment History

En Passant Financial Planning from 2001 to 2005.

Vice President of Pinnacle Investments Inc. from 5/05 to 11/06.

Partner of Pinnacle Investments LLC. from 11/06 to Present.

JOSEPH MASELLA BORN: 1950

Education

Phi Beta Kappa graduate of Rutgers University in with B.A. in 1974 & J.D. 1977

Employment History

CEO, Pinnacle Capital Management, LLC 10/11 to present

35 years in the life insurance and related financial services industries. This includes completing the first merger ever between New York-domiciled and non-New York domiciled life insurers. Having served in numerous senior executives positions, his responsibilities have spanned marketing, sales, investments, compliance, legal, corporate governance, government relations and risk management. While involved in product-development, Masella brought the first equity-indexed annuity to market in New York State.

SUSAN J. GRIFFITH BORN: 1961

Education

Graduated from Central City Business Institute in 1981 with an A.S. in Business Administration

Employment History

12/13 – Present: Pinnacle Investments, LLC

- Assistant Regional Manager 12/13 to 05/14

- President 05/14 to Present

- Chief Compliance Officer 06/14 to 11/14

-Director of Compliance 11/14 to Present
1/2010 – 10/2012 – Senior Complex Service Manager – Morgan Stanley, Syracuse Complex
3/2009 – 1/2010 – Senior Assistant Operations Manager—Morgan Stanley Smith Barney, Syracuse Complex
3/2007 – 3/2009 – Assistant Branch Manager – Smith Barney, Fingerlakes Complex
3/2005 – 3/2008 – Operations Manager – Smith Barney, Fingerlakes Complex
9/2002 – 3/2005 – Senior Assistant Operations Manager- Smith Barney, Syracuse New York
1/2001 to 8/2002 – Control Administrator – Smith Barney, Syracuse, New York
1/92 to 12/2000 – Branch Administrator – Shearson Lehman Brothers (American Express), Smith Barney (Citigroup)

ROBERT F. CUCULICHBORN: 1956

Education

Graduated from Syracuse University in 1978 with a B.S. in Management

Graduated from Syracuse University in 1982 with an MBA

Employment History

Partner, Pinnacle Investments, LLC 03/08 to present

33 years in the financial services industries. Current President and Portfolio Manager of NYSA Fund (symbol: NYSAX). Also current Board Member of Central New York Regional Transportation Authority.