

**Item 1: Cover Page**

**Part 2A of Form ADV  
Firm Brochure**

March 31, 2013

**Emerson Wealth Management, LLC**

SEC File No. 801-68268

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This brochure provides information about the qualifications and business practices of Emerson Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 248-792-6600. 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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Emerson Wealth Management, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to new regulatory requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

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 business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## Item 4: Advisory Business

### A. Description of Your Advisory Firm

Emerson Wealth Management, LLC ("Emerson" and/or the "firm") is a Michigan limited liability company and an SEC-registered investment adviser. Michael Emerson, President, is a principal owner with more than twenty-five percent (25%) of the firm's membership interest. Steven Deceuninck owns twenty percent (20%) of the firm's membership interest. Emerson has been providing investment advisory services since 2007.

### B. Description of Advisory Services Offered

Emerson is an investment adviser providing investment management, financial planning, and consulting services to individuals and high-net-worth individuals, trusts and estates, pension and profit sharing plans, corporations, and other business entities.

For its discretionary asset management services, Emerson receives a limited power of attorney to effect securities transactions on behalf of its clients that include securities and strategies described in Item 8 of this brochure.

#### B.1. Investment Management Services

Emerson provides investment management services to clients on a discretionary and non-discretionary basis. If a client engages us, we will enter into an investment management agreement with setting forth the terms and conditions of our engagement, describing our fee and scope of our services. We will complete a client profile documenting the client's current situation, goals, objectives, and any special or particular circumstance unique to the client. Clients will complete a questionnaire to help us better assess their risk tolerance. Assets are invested based on information gathered from the risk tolerance questionnaire, a personal interview with the client, and client profile.

Emerson may engage third-party service providers to assist with the tax and estate planning portion of the services provided to clients. In addition, Emerson may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

Emerson's investment advisory services to clients take into account a client's personal financial circumstances, investment objectives and tolerance for risk (e.g., cash-flow, tax and estate).

Emerson's engagement with a client will include, as appropriate, the following:

- Providing assistance in reviewing the client's current investment portfolio against the client's personal and financial circumstances as disclosed to Emerson in response to a questionnaire and/or in discussions with the client and reviewed in meetings with Emerson.
- Analyzing the client's financial circumstances, investment holdings and strategy, and goals.
- Providing assistance in identifying a targeted asset allocation and portfolio design.

- Implementing and/or recommending individual equity and fixed income securities, mutual funds and ETFs.
- Reporting to the client on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).
- Proposing changes in the client's investment policy statement and/or investment portfolio in consideration of changes in the client's personal circumstances, investment objectives and tolerance for risk, the performance record of any of the client's investments, and/or the performance of any fund retained by the client.

In addition to providing Emerson with information regarding their personal financial circumstances, investment objectives, and tolerance for risk, clients are required to provide Emerson with any reasonable investment restrictions that should be imposed on the management of their portfolio, and to promptly notify Emerson of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals, and tolerance for risk. On a quarterly basis, Emerson's reports to clients will remind clients of their obligation to inform Emerson of any such changes or any restrictions that should be imposed on the management of the client's account. Emerson will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives, and tolerance for risk.

## **B.2. Financial Planning Services and Consulting Services**

If clients would like Emerson to provide financial planning or consulting services, we will enter into a written agreement setting forth the terms and conditions of the engagement, describing the scope of our services to be provided and the fee that is due from the client. Our financial planning and/or consulting services typically involve reviewing the client's overall financial situation, personal and financial goals, risk tolerance, and objectives, and may include one or more of the following:

- |                                    |                                      |
|------------------------------------|--------------------------------------|
| ▪ Asset Allocation                 | ▪ Insurance Planning                 |
| ▪ Investment Analysis and Planning | ▪ Estate Analysis and Planning       |
| ▪ Education Planning               | ▪ Tax Planning                       |
| ▪ Cash Flow Analysis               | ▪ Employer Stock and Option Planning |
| ▪ Retirement Planning              |                                      |

In general, after analyzing the client's individual circumstances, objectives, client profile, and risk profile, we present our recommendations. If the client wishes ongoing investment services or monitoring of the investment portfolio, they will engage us under a separate agreement and pay a separate fee.

When we provide financial planning and/or consulting services, we will rely on the information the client or the client's attorney, accountant, or other professional provides to us. We will not verify this information when doing our analysis. We may recommend our services or the services of other professionals such as attorneys or accountants to implement our recommendations. If

we recommend our own services, the client is under no obligation to use our services. The client retains discretion over all such implementation decisions and is free to accept or reject any of our recommendations.

As part of our financial planning and/or consulting services, if requested, we will provide advice with respect to stock options and/or employer stock that clients may have received in connection with their employment. This form is publicly available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **B.3. Other Investment Services**

Emerson may also provide investment management services regarding variable life/annuity products or individual employer-sponsored retirement plans. In so doing, we either direct or recommend the allocation of assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. Assets will be maintained either at the specific insurance company that issued the variable life/annuity product, or at the custodian designated by the sponsor of the retirement plan.

## **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

## **D. Wrap Fee Programs**

Emerson does not participate in wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

## **E. Client Assets Under Management**

As of December 31, 2012, Emerson had \$214,852,904 in client assets managed on a discretionary basis and \$817,176 in client assets managed on a nondiscretionary basis.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Investment Management Fees

Emerson charges either a fixed fee or a fee based upon assets under management. The decision as to whether we charge a fixed fee or a fee based on assets under management is dependent upon the size and complexity of the account as well as the preference of the client. We establish our fee arrangements with the client in our written agreement. Our standard annual fee is a percentage of the market value of the assets under management.

| <u>Assets Under Management</u> | <u>Annual Fee Rate</u> |
|--------------------------------|------------------------|
| First \$1,000,000              | 0.95%                  |
| Next \$2,000,000               | 0.75%                  |
| Next \$2,000,000               | 0.50%                  |
| Next \$5,000,000               | 0.30%                  |
| Greater than \$10,000,000      | 0.10%                  |

The fee is negotiable based upon anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing accounts, account retention, pro bono activities, etc. Our fee is prorated and charged quarterly in advance, based upon the market value of the assets on the last day of the previous quarter as valued by the custodian.

For the initial quarter of investment management services, the first quarter's fee is calculated on a pro rata basis commencing on the day the assets are initially designated to us for management. If the client makes additions to and/or withdrawals from the account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

An investment advisory agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination, any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

#### A.2. Financial Planning and Consulting Fees

Emerson's fees for financial planning and consulting services are negotiable, but generally range from \$1,500 to \$50,000. The fee depends upon the scope of services provided, complexity of the process undertaken, the types of issues addressed, and the professional rendering the services. Clients will enter into a written agreement with us setting forth the scope of our services and our fee. All billing is in arrears and we generally invoice annually in December.

All financial planning and consulting fees are for services provided by us and do not include fees clients may incur with other professionals such as their personal attorney, accountant, or other professional.

A financial planning agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination, any unearned prepaid fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

## **B. Client Payment of Fees**

Emerson generally requires clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

Emerson will not take custody or possession of client funds or securities at any time except to the extent that Emerson may deduct fees directly from the client's account. Emerson will deduct advisory and custodial fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

## **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Emerson may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

## **D. Prepayment of Client Fees**

Emerson requires all investment management fees to be prepaid on a quarterly basis. Emerson's fees will either be paid directly by the client or disbursed to Emerson by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

An investment advisory or financial planning agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination of any account, any unearned, prepaid fees will be promptly refunded, and any earned, unpaid fees will be immediately due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

### **E. External Compensation for the Sale of Securities to Clients**

Emerson financial advisors are compensated primarily through a salary and bonus structure. Emerson may be paid sales, service, or administrative fees for the sale of mutual funds or other investment products. Emerson's advisory professionals may receive commission-based compensation for the sale of insurance products. Please see Item 10.C. for detailed information and conflicts and interest.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

Emerson does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.

## **Item 7: Types of Clients**

Emerson provides investment management services to individuals and high-net-worth individuals, trusts and estates, corporate pension and profit-sharing plans, and corporations and other business entities.

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

### **A. Methods of Analysis and Investment Strategies**

Most of Emerson's investment recommendations are for mutual funds or ETFs. In analyzing these potential investments, we review information from a number of sources, both public and by purchase, including financial newspapers and magazines, research materials prepared by third-parties, corporate rating services, annual reports, prospectuses and filings with the SEC, and company press releases. We believe these resources for information are reliable, and we regularly depend on these resources for making our investment decisions; however, we are not responsible for the accuracy or completeness of this information.

#### **A.1. Investment Strategies**

We use a variety of investment strategies depending on the client's circumstances, financial objectives, and needs. We may recommend implementing one or more of the following investment strategies: long-term purchases (held at least a year) and short-term purchases (held less than a year).

We typically recommend implementing these strategies using mutual funds and ETFs. The mutual funds and ETFs are of different kinds to promote portfolio diversification within various asset classes, such as large-cap/small-cap, domestic/international, or equities/bonds. Occasionally, the mutual funds and ETFs will be held in a sub-account of a variable annuity or life insurance product.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, and individual securities (including fixed-income securities) is set forth below.

Emerson has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform due diligence monitoring of mutual funds and ETFs
- perform billing and certain other administrative tasks

Emerson may utilize additional independent third parties to assist it in recommending and monitoring individual securities, mutual funds, and ETFs to clients as appropriate under the circumstances.

Emerson reviews certain quantitative and qualitative criteria related to mutual funds and to formulate investment recommendations to its clients. Quantitative criteria may include

- the performance history of a mutual fund manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the fund manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis

- the fund's fee structure
- the relevant fund portfolio manager's tenure

Qualitative criteria used in recommending mutual funds include the investment objectives and/or management style and philosophy of a mutual fund manager; a mutual fund's consistency of investment style; and employee turnover and efficiency and capacity. Emerson will discuss relevant quantitative and qualitative factors pertaining to its recommendations with clients prior to a client's determination to retain a mutual fund.

Quantitative and qualitative criteria related to mutual funds are reviewed by Emerson on a quarterly basis or such other interval as mutually agreed upon by the client and Emerson. In addition, mutual fund managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund by Emerson (both of which are negative factors in implementing an asset allocation structure). Based on its review, Emerson will make recommendations to clients regarding the retention or discharge of a mutual fund.

Emerson may negotiate reduced account minimum balances and reduced fees with mutual fund managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds utilized. Emerson will endeavor to obtain equal treatment for its clients with funds, but cannot assure equal treatment.

Emerson will regularly review the activities of mutual funds selected by the client. Clients that invest in mutual funds should first review and understand the disclosure documents of those mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees, and conflicts of interest.

## **A.2. Material Risks of Investment Instruments**

We offer advice about different investments, including mutual funds, index funds, ETFs, and fixed and variable annuities, each having different types and levels of risk. We will discuss these risks with the client in determining your investment objectives. We will explain and answer any questions the client has about these kinds of investments, which present special considerations.

Investing in securities involves risk of loss that the client should be prepared to bear. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. We work with the client to attempt to identify the balance of risks and rewards that is appropriate and comfortable for the client. However, it is still the client's responsibility to ask questions if he or she does not fully understand the risks associated with any investment or investment strategy.

Also, while we strive to render our best judgment on the client's behalf, many economic and market variables beyond our control can affect the performance of investments and we cannot assure that the investments will be profitable or assure that no losses will occur in the client's investment portfolio. Past performance is one relatively important consideration with respect to any investment or investment adviser, but it is not a predictor of future performance.

- *Mutual Funds, Index Funds, and Exchange-Traded Funds* – Mutual funds and ETFs typically charge their shareholders various fees and expenses associated with the establishment and operation of the funds. These fees will generally include a management fee, shareholder servicing, other fund expenses, and sometimes a distribution fee. These separate fees and expenses are disclosed in each fund's current prospectus, which is available from the fund or we can provide it upon request.

Consequently, for any type of fund investment, it is important for clients to understand that they are directly and indirectly paying two levels of fees: one layer of expenses at the fund level and one layer of advisory fees to us. Generally speaking, most mutual funds may be purchased directly, without using our services and without incurring our advisory fees.

Mutual funds and ETFs will change in value, and investors could lose money by investing in a mutual fund or an ETF. An investment in an ETF involves risk similar to those of investing in any fund of equity securities traded on an exchange. An ETF seeks investment results that correspond generally to the price and yield of an index. Investors should anticipate that the value of an ETF's shares would decline, more or less, in correlation with any decline in the value of its corresponding index. An ETF's return may not match the return of the index. The ETF may invest in small capitalization, mid capitalization, emerging markets, and international companies. Such companies may experience greater price volatility than larger, more established companies. Sometimes referred to as a "tracking error," expenses and other factors may affect the performance of an ETF so that the ETF's performance will not exactly match the performance of their respective underlying indexes.

- *Variable Annuities* – When a client requests, we will provide advice on variable annuities. Variable annuities are highly complex financial products offered by insurance companies. Investment in a variable annuity contract is subject to general market risk. These and other risks are described in the variable annuity's prospectus. Variable annuities are regulated under both securities and insurance laws and related rules and regulations. Variable annuities offer various benefits and features which may or may not have value to a client. Like other types of investments, commissions are often paid for the purchase of variable annuities and there may be substantial surrender charges. These commissions, surrender charges, and other expenses are disclosed in the prospectus. When appropriate, we will only recommend no-load variable annuities. We do not receive any commissions from the sales of variable annuities.

Like mutual funds, insurance companies charge a variety of fees and charges against the assets invested in the separate accounts of their policy holders. As noted above, this means that there are two layers of fees paid: one layer to the insurance company and one layer to our firm for our advisory services.

The investment vehicles most commonly purchased for Emerson clients are shares of registered open-end mutual funds and exchange-traded funds. Many of these investments can be purchased directly by clients without utilizing the services of an adviser. Registered investment companies charge their own management fees and expenses. These fees and expenses are detailed in each respective mutual fund's prospectus and are in addition to any fees charged by Emerson.

Emerson typically invests in open-end mutual funds and exchange-traded funds for the vast majority of its clients. However, for certain clients, Emerson may effect transactions in the following types of securities:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Corporate debt obligations

#### **A.2.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **A.2.b. Warrants and Rights**

Warrants are securities, typically issued with preferred stock or bonds that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

### **A.2.c. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

### **A.2.d. Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>") iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employ the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

### **A.2.e. Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

### **A.2.f. Corporate Debt, Commercial Paper, and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate

environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of 10 years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be pre-payment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.2.g. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **A.2.h. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **A.2.i. Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

## **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

### **B.1. Margin Leverage**

Although Emerson, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Emerson will utilize leverage. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

### **B.2. Short-Term Trading**

Although Emerson, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **B.3. Short Selling**

Emerson generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

### **B.4. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the

underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Emerson as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading
- Short call option strategy
- Short put option strategy
- Equity collars
- Long straddles

#### **B.4.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

#### **B.4.b. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **B.4.c. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **B.4.d. Option Spreading**

Option spreading usually involves the purchase of a call option and the sale of a call option at a higher contract strike price, both having the same expiration month. The purpose of this type of transaction is to allow the holder to be exposed to the general market characteristics of a security without the outlay of capital to own the security, and to offset the cost by selling the call option with a higher contract strike price. In this type of transaction, the spread holder “locks in” a maximum profit, defined as the difference in contract prices reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

#### **B.4.e. Short Call Option Strategy**

Short call option strategy is highly speculative and has theoretical potential for unlimited loss. The seller (writer) of the call option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain below the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security increase above the contract strike price, then the option writer can either purchase the call option at a loss, or through a process of exercise and assignment be forced to sell the stock at the contract strike price. If this happens, the option writer will have to go in the open market and buy an equivalent amount of stock to cover the sale at prices that can be materially higher than the amount received from the sale.

#### **B.4.f. Short Put Option Strategy**

Short put option strategy is highly speculative and has theoretical potential for significant loss. The seller (writer) of the put option receives proceeds (premium) from the sale of the option. The expectation is that the value of the underlying security will remain above the contract strike price and the option will expire worthless, allowing the option writer to keep the entire amount of the sale proceeds (premium). Should the value of the underlying security decrease below the contract strike price, the option writer can either purchase the put option at a loss, or through a process of exercise and assignment be forced to buy the stock at the contract strike price. If this happens, the option writer will be purchasing the underlying security at a price potentially well above its then-current market value, exposing the investor to potential loss.

#### **B.4.g. Equity Collar**

A collar combines both a cap and a floor. A cap gives the purchaser of the cap the right (for a premium payment), but not the obligation, to receive the difference in the cost on some amount when a specified index rises above the specified “cap rate.” A floor is the opposite of a cap—it gives the purchaser of the floor the right (for a premium payment), but not the obligation, to receive the difference in interest payable on an amount when a specified index falls below the specified “floor rate.” A collar involving stock is called an “equity collar.” In a collar transaction, the buyer of the collar purchases a cap while selling a floor indexed to the

same rate or asset. A zero-cost collar results when the premium earned by selling a floor exactly offsets the cap premium.

#### **B.4.h. Long Straddle**

A long straddle is the purchase of a long call and a long put with the same underlying security, expiration date and strike price. This is a speculative trade that may be profitable when volatility is high and will result in a loss when prices of the underlying security are relatively stable.

### **C. Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Neither Emerson nor its affiliates are registered broker-dealers and do not have an application to register pending.

### **B. Futures or Commodity Registration**

Neither Emerson nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading adviser and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Emerson is a licensed insurance agency. Michael Emerson and Steven Deceuninck are also independently licensed to sell insurance and are appointed with various insurance companies. If you choose to purchase insurance through Michael Emerson, Steven Deceuninck, or the firm, then the firm will receive a commission from the insurance company. Clients are advised of a potential conflict of interest in that there is an economic incentive to recommend insurance and other investment products of such carriers. Clients are under no obligation to purchase insurance products through Emerson. Please be advised that Emerson professionals strive to put their clients' interests first and foremost.

### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Emerson does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Emerson has adopted policies and procedures designed to detect and prevent insider trading. In addition, Emerson has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of Emerson's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of Emerson. Emerson will send clients a copy of its Code of Ethics upon written request.

Emerson has policies and procedures in place to ensure that the interests of its clients are given preference to those of Emerson, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Emerson does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, Emerson does not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Emerson, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Emerson specifically prohibits. Emerson has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest,
- prohibit front-running, and
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Emerson's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Emerson, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other Emerson clients. Emerson will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation (please refer to Item 12.B.3 Order Aggregation). It is the policy of Emerson to place the client's interests above those of Emerson and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

Emerson may recommend that clients establish brokerage accounts with Fidelity Investments ("Fidelity"), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Emerson may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with Fidelity. Emerson is independently owned and operated and not affiliated with Fidelity.

For Emerson client accounts maintained in its custody, Fidelity generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into its accounts.

Emerson considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

##### A.1.a. Soft Dollar Arrangements

Emerson does not utilize soft dollar arrangements. Emerson does not direct brokerage transactions to executing brokers for research and brokerage services.

##### A.1.b. Institutional Trading and Custody Services

Fidelity provides Emerson with access to its institutional trading and custody services, which are typically not available to Fidelity's retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at Fidelity. These services are not contingent upon Emerson committing to Fidelity any specific amount of business (assets in custody or trading commissions). Fidelity's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

##### A.1.c. Other Products and Services

Fidelity also makes available to Emerson other products and services that benefit Emerson but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Emerson's accounts, including accounts not maintained at custodian. Fidelity may also make available to Emerson software and other technology that

- provide access to client account data (such as trade confirmations and account statements)

- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing, and other market data
- facilitate payment of Emerson's fees from its clients' accounts
- assist with back-office functions, recordkeeping, and client reporting

Fidelity may also offer other services intended to help Emerson manage and further develop its business enterprise. These services may include

- compliance, legal, and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants, and insurance providers

Fidelity may also provide other benefits such as educational events or occasional business entertainment of Emerson personnel. In evaluating whether to recommend that clients custody their assets at Fidelity, Emerson may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost, or quality of custody and brokerage services provided by Fidelity, which may create a potential conflict of interest.

#### **A.1.d. Independent Third Parties**

Fidelity may make available, arrange, and/or pay for these types of services rendered to Emerson by independent third parties. Fidelity may discount or waive fees it would otherwise charge for some of these services, or pay all or a part of the fees of a third party providing these services to Emerson.

#### **A.1.e. Additional Compensation Received from Custodians**

Emerson may participate in institutional customer programs sponsored by broker-dealers or custodians. Emerson may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between Emerson's participation in such programs and the investment advice it gives to its clients, although Emerson receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving Emerson participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts

- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to Emerson by third-party vendors

The custodian may also pay for business consulting and professional services received by Emerson's related persons, and may pay or reimburse expenses (including travel, lodging, meals and entertainment expenses for Emerson's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit Emerson but may not benefit its client accounts. These products or services may assist Emerson in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help Emerson manage and further develop its business enterprise. The benefits received by Emerson or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

Emerson also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require Emerson to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, Emerson will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by Emerson's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for Emerson's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, Emerson endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Emerson or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Emerson's recommendation of broker-dealers such as Fidelity for custody and brokerage services.

## **A.2. Brokerage for Client Referrals**

Emerson does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

## **A.3. Directed Brokerage**

### **A.3.a. Emerson Recommendations**

Emerson typically recommends Fidelity as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

**A.3.b. Client-Directed Brokerage**

Occasionally, clients may direct Emerson to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Emerson derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Emerson loses the ability to aggregate trades with other Emerson advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

**B. Aggregating Securities Transactions for Client Accounts****B.1. Best Execution**

Emerson, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Emerson recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Emerson will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Emerson seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Emerson's knowledge, these custodians provide high-quality execution, and Emerson's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Emerson believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since Emerson may be managing accounts with similar investment objectives, Emerson may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Emerson in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Emerson's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account clients' best interests. Emerson will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Emerson's advice to certain clients and entities and the action of Emerson for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Emerson with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Emerson to or on behalf of other clients.

## **B.3. Order Aggregation**

Emerson generally does not aggregate orders because the firm, as a matter of policy, speaks with each client and obtains their authorization prior to effecting any transactions.

## **B.4. Allocation of Trades**

All allocations, if applicable, will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs, and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Emerson acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Emerson determines that such arrangements are no longer in the best interest of its clients.

## **Item 13: Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

For investment management clients, we will monitor the portfolio as part of an ongoing process, and the Managing Member or CCO will conduct account reviews at least annually, taking into consideration any changes in the client's financial situation or investment objectives.

For financial planning and/or consulting services clients, we conduct reviews on an "as needed" basis. Our investment advisor representatives conduct all reviews. We encourage clients to discuss their needs, goals, and investment objectives with us and to keep us informed of any changes that might affect their financial situation.

### **B. Review of Client Accounts on Non-Periodic Basis**

We may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Emerson formulates investment advice.

### **C. Content of Client-Provided Reports and Frequency**

For investment management clients, clients will receive confirmations of their purchases and sales and statements from their broker-dealer or custodian containing account information such as account value, transactions, and other relevant account information, including asset management fees paid to Emerson.

For financial planning and/or consulting services client, we provide a report summarizing our analysis and conclusions upon request or otherwise agreed to by us in writing.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Emerson does not receive economic benefits for referring clients to third-party service providers.

### **B. Advisory Firm Payments for Client Referrals**

Emerson does not make payment for client referrals.

## **Item 15: Custody**

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in the client's account. Emerson urges its clients to compare the account balance(s) shown on their Emerson account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to Emerson with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Emerson will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## Item 17: Voting Client Securities

Emerson does not take discretion with respect to voting proxies on behalf of its clients. Emerson will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Emerson supervised and/or managed assets. In no event will Emerson take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Emerson will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Emerson has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Emerson also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Emerson has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Emerson receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Emerson does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Emerson does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.