

# **SUNMARK CAPITAL MANAGEMENT, LLC**

## **ADVISER BROCHURE**

**FEBRUARY 18, 2011**

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This brochure provides information about the qualifications and business practices of Sunmark Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (904) 394-3904.

Ironbrook Financial is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## **2. MATERIAL CHANGES**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated February 18, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that was not previously required.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Our Brochure may be requested by contacting the Adviser at (904) 394-3904.

Additional information about Sunmark Capital Management, LLC is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives.

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#### **4. ADVISORY BUSINESS**

Sunmark Capital Management, LLC (“we” or “the Adviser”) is a registered investment adviser. The Adviser’s services are described below.

##### **a. OWNERSHIP/ADVISORY HISTORY**

Joe F. Solsona is the sole shareholder of Sunmark Capital Management, LLC, which was established in November 2010. More information about Mr. Solsona is provided under Section 19 below and the supplemental brochure that is attached, ADV Part 2B.

##### **b. ADVISORY SERVICES OFFERED**

##### **Investment Supervisory Services:**

The Adviser manages individualized portfolios for its clients. The Adviser works with each client to formulate an individualized portfolio based upon his/her objectives, time frame, risk parameters and other investment considerations. The Adviser uses marketable securities and to a lesser extent other investment vehicles that may include debt instruments, equities (stocks), mutual funds and closed-end mutual funds.

The investment philosophy of the Adviser is to use principals of value, safety and quality to seek investment options globally. The Adviser places heavy emphasis on risk control, believing that avoiding losses allows appreciation potential of equities to be realized.

##### **Financial Planning:**

The Adviser offers financial planning consultations to evaluate their financial situation, goals and risk tolerance. Through a series of personal interviews the Adviser will collect pertinent data, identify goals, objectives, financial problems, potential solutions, prepare specific recommendations and implement recommendations.

The Adviser’s services include any one or all of the following:

1. Retirement Planning – This involves advice with respect to alternatives and techniques for accumulating wealth for retirement income or advice relative to appropriate distribution of assets following retirement. Additionally, self-directed retirement assets are evaluated and, where appropriate, recommendations and assistance are provided. Tax consequences and their implications are identified and evaluated in general terms. The Adviser is not engaged in rendering legal or accounting advice, has no lawyers or accountants on staff and therefore refers all matters requiring legal or tax advice to the Client’s chosen and properly licensed professionals in these areas.

2. Investment Planning/Asset Allocation/ Fund Choice – This involves advice with respect to

asset allocation and investment income accumulation techniques. Evaluations are made of existing and, when applicable, potential investments in terms of their economic and tax characteristics as well as their suitability for meeting client's objectives. Tax consequences and their implications are identified and evaluated in general terms.

3. Estate Planning – This service generally involves a review of assets and liabilities, the titling of assets and the consideration of trusts. However, the Adviser may provide advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques as well as a discussion of gifts, trusts, etc. and the disposition of business interests. Tax consequences and their implications are identified and evaluated in general terms. The client's chosen licensed attorney must be used for evaluation and document creation.

4. Insurance Planning – This includes risk management associated with advisory recommendations based on the combination of insurance types that best meet a client's specific needs, e.g. life, health disability, long-term care, and others as appropriate.

c. TAILORED SERVICES

The Adviser's investment supervisory services and financial planning services are individualized to each client as described above.

d. WRAP PROGRAM

The Adviser does not participate in a wrap program. This section is not applicable.

e. CLIENT ASSETS MANAGED

As of November 15, 2010, the Adviser does not manage any client assets on a discretionary or non-discretionary basis.

**5. FEES AND COMPENSATION**

a. PORTFOLIO MANAGEMENT AND FINANCIAL PLANNING SERVICES

Clients receive both the portfolio management and financial planning services for an annual fee of .90%. The fee will be calculated, accrued and due quarterly in advance.

The pro-rated first quarter's management fee will be calculated on the Account's initial fair market value upon investment by the Adviser. Thereafter, the management fee will be calculated on the Account's fair market value as of the preceding quarter-end as reported by the account's custodian. Cash balances and investments in money market funds, demand deposit accounts, and certificates of deposit at banks or brokerage firms are covered by the Account and are included in the fee calculations. The minimum account size is \$100,000.

Under some circumstances the Adviser's fees may be lower than the rate schedule. Accordingly, rates may vary based on a variety of factors. For example, in determining fees, rates, and minimums, the Adviser may aggregate related accounts and, for billing purposes, treat them like one account.

Fees will not be based upon a share of capital gains or capital appreciation of the funds or of any portion of the funds under advisory contract. Fees for services to be performed will not be collected six or more months in advance. Fees are billed directly to the custodian. If the Adviser terminates the agreement prior to the end of the quarter, a pro-rata refund of unearned fees will be made to the Client.

A client may terminate the Investment Management Agreement for any reason at any time and, within the first five business days after signing the contract, without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice. Upon termination, fees will be prorated for the number of days that services were rendered based on the Account's valuation as of the termination date.

The Adviser's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Adviser's fee and it shall not receive any portion of these commissions, fees, and costs.

The Adviser may from time to time unilaterally amend our fees and billing arrangements. Any change will only become effective after thirty (30) days prior written notice. The fees for these portfolios are not based on the financial performance or capital gains or losses experienced by the Account.

Item 12 further describes the factors that the Adviser considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

## **6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

The Adviser does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## 7. TYPES OF CLIENTS

The Adviser's services are offered to high net worth individuals.

## 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### a. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

With respect to the Adviser's portfolio management services, the Adviser utilizes an individualized asset allocation method for each client account. When deciding on the asset allocation for a client's account, the Adviser studies various market indicators such as financial newspapers and magazines, research prepared by other advisers, company press releases, prospectuses, and other securities market related filings. After studying the market indicators the Adviser may move all, none or a portion of the client's account assets into the market.

### b. INVESTMENT RISKS

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear.** While we recommend third party investment advisers who have investment strategies that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. Clients need to ask questions about risks they do not understand. We would be pleased to discuss them.

We strive to render our best judgment on behalf of our clients. Still, we cannot assure or guarantee Clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. We continuously strive to provide outstanding long-term investment performance, but many economic and market variables beyond our control can affect the performance of an investment portfolio.

### c. RECOMMENDED SECURITIES AND THEIR RISKS

The Adviser recommends several types of securities. They and their risks are as follows:

#### Corporate and Governmental Bonds

Bonds are a debt investment in which an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate. Bonds are used by companies, municipalities, states and U.S. and foreign governments to finance a variety of projects and activities.



*Interest rate risk.* This is the risk that a rise in interest rates will cause the price of a fixed rate debt security to fall. Generally, a bond with a longer the maturity or weighted average maturity of a bond, the greater the interest rate risk will be.

*Credit risk.* This is the risk that an issuer of a debt security or counterparty to an over-the-counter derivative could suffer an adverse change in financial condition that results in a payment default, security downgrade, or inability to meet a financial obligation.

*Liquidity risk.* This is the risk that the Adviser may not be able to sell the bond in a timely manner at a desired price.

*Prepayment risk and extension risk.* Prepayment risk is the risk that the principal on mortgage-backed securities, other asset-backed securities or any fixed income security with an embedded call option may be prepaid at any time, which could reduce yield and market value. The rate of prepayments tends to increase as interest rates fall, which could cause the average maturity of the portfolio to shorten. Extension risk may result from a rise in interest rates, which tends to make mortgage-backed securities, asset backed securities, and other callable fixed income securities more volatile.

### Equities (Stocks)

Equities are a stock or any other security representing an ownership interest.

*Principal Risk.* There is no guarantee that a stock will go up in value. A stock's price fluctuates, which means a client could lose money by investing in an equity security.

*Risks of stock investing.* Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The value of a stock may decline due to general weakness in the stock market or because of factors that affect a company or a particular industry.

*Investment style risk.* Different investment styles tend to shift in and out of favor, depending on market conditions and investor sentiment. Growth stocks tend to be more volatile than value stocks and their prices usually fluctuate more dramatically than the overall stock market. A stock with growth characteristics can have sharp price declines due to decreases in current or expected earnings and may lack dividends that can help cushion its share price in a declining market.

### Exchange Traded Funds (“ETF”)

An Exchange Traded Fund or ETF is a security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange.

ETF investments and have risks similar to stocks. There are risks involved with investing in ETFs including the possible loss of money. The share price may trade above or below the purchase price.

*Market Risk.* Since the ETF invests most or a substantial portion of its assets in stocks, it is subject to stock market risk. Market risk involves the possibility that the value of the ETF’s investments in stocks will decline due to drops in the stock market. In general, the value of the ETF will move in the same direction as the overall stock market in which the ETF invests, which will vary from day to day in response to the activities of individual companies, as well as general market, regulatory, political and economic conditions.

*Trading Risk.* Although ETFs will be listed on the Exchange, there can be no assurance that an active or liquid trading market for them will develop or be maintained. In addition, trading in the ETF on the Exchange may be halted due to market conditions or for reasons that, in the view of the Exchange, make trading in the ETF inadvisable. Further, trading in the ETF on the Exchange is subject to trading halts caused by extraordinary market volatility pursuant to the Exchange “circuit breaker” rules. There can be no assurance that the requirements of the Exchange necessary to maintain the listing of the ETF will continue to be met or will remain unchanged.

*Value Stock Risk.* Value stocks are subject to the risk that their intrinsic value may never be realized by the market or that their prices may go down. While the ETF’s investments in value stocks may limit its downside risk over time, the ETF may produce more modest gains than riskier stock funds as a trade-off for this potentially lower risk.

### Mutual Funds (open and closed end)

A mutual fund is an investment vehicle that is made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.

Every type of investment, including mutual funds, involves risk. Risk refers to the possibility that you will lose money (both principal and any earnings) or fail to make money on an investment. A mutual fund's investment objective and its holdings are influential factors in determining how risky a fund is. Reading the prospectus will help a client to understand the risk associated with that particular fund.

Generally speaking, risk and potential return are related. This is the risk/return trade-off. Higher risks are usually taken with the expectation of higher returns at the cost of increased volatility. While a fund with higher risk has the potential for higher return, it also has the greater potential for losses or negative returns. The school of thought when investing in mutual funds suggests that the longer your investment time horizon is the less affected you should be by short-term volatility. Therefore, the shorter your investment time horizon, the more concerned you should be with short-term volatility and higher risk.

Different mutual fund categories have inherently different risk characteristics and should not be compared side by side. A bond fund with below-average risk, for example, should not be compared to a stock fund with below average risk. Even though both funds have low risk for their respective categories, stock funds overall have a higher risk/return potential than bond funds.

Of all the asset classes, cash investments (i.e. money markets) offer the greatest price stability but have yielded the lowest long-term returns. Bonds typically experience more short-term price swings, and in turn have generated higher long-term returns. However, stocks historically have been subject to the greatest short-term price fluctuations—and have provided the highest long-term returns. Investors looking for a mutual fund which incorporates all asset classes may consider a balanced or hybrid mutual fund. These mutual funds can be very conservative or very aggressive. Asset allocation portfolios are mutual funds that invest in other mutual funds with different asset classes. At the discretion of the manager(s), securities are bought, sold, and shifted between funds with different asset classes according to market conditions.

Mutual funds face risks based on the investments they hold. For example, a bond fund faces interest rate risk and income risk. Bond values are inversely related to interest rates. If interest rates go up, bond values will go down and vice versa. Bond income is also affected by the change in interest rates. Bond yields are directly related to interest rates falling as interest rates fall and rising as interest rise. Income risk is greater for a short-term bond fund than for a long-term bond fund.

Similarly, a sector stock fund (which invests in a single industry, such as telecommunications) is at risk that its price will decline due to developments in its industry. A stock fund that invests across many industries is more sheltered from this risk defined as industry risk.

#### Certificates of Deposit

A Certificate of Deposit (“CD”) is a savings certificate entitling the bearer to receive interest. A CD bears a maturity date, a specified fixed interest rate and can be issued in any denomination. CDs are generally issued by commercial banks and are insured by the FDIC.

*Lower yields.* Because of the inherent safety and short-term nature of a CD investment, yields on CDs tend to be lower than other higher risk investments.

*Interest Rate Fluctuation.* Like all fixed income securities, CD prices are susceptible to fluctuations of interest rates. If interest rates rise, the market price of outstanding CDs will generally decline. However, since changes in interest rates will have the most effect on longer maturities, short-term CDs are generally less susceptible to interest rate movements.

*Credit Risk.* Since CDs are a debt instrument, there is credit risk associated with their purchase. The insurance offered by the FDIC may help mitigate this risk. Customers are responsible for evaluating both the CDs and the creditworthiness of the underlying issuing institution. It is not Fidelity's responsibility to perform these evaluations.

*Insolvency of the Issuer.* In the event the Issuer approaches insolvency or becomes insolvent; the Issuer may be placed in regulatory conservatorship with FDIC typically appointed the conservator. As with any deposits of a depository institution placed in conservatorship, the CDs of Issuer for which a conservator has been appointed may be paid off prior to maturity or transferred to another depository institution. If the CDs are transferred to another institution, the new institution may offer you a choice of retaining the CD at a lower interest rate or having the CD paid off.

*Selling before maturity.* CDs sold prior to maturity are subject to a concession and may be subject to a substantial gain or loss due to interest rate changes. The secondary market may also be limited. The market value of a CD in the secondary market may be influenced by a number of factors including, but not necessarily limited to, interest rates, provisions such as call or step features, and credit rating of the issuer. Fidelity currently makes a market in the CDs we make available, but may not do so in the future.

FDIC insurance only covers the principal amount of the CD and any accrued interest. In some cases, CD's may be purchased on the secondary market at a price which reflects a premium to their principal value. This premium is ineligible for FDIC insurance.

*Coverage limits.* FDIC insurance limits apply to aggregate amounts on deposit at each covered institution. Investors should consider the extent to which other accounts, deposits or accrued interest may exceed applicable FDIC limits.

### Options

Options are derivative securities, which mean they derive their value from that of an underlying instrument, such as a stock, stock index, interest rate or foreign currency. An option is a contract that establishes a price and time frame for the purchase or sale of a particular security. Two

parties are involved in the contract: one party receives the right to exercise the contract to buy or sell the underlying security; the other is obligated to fulfill the terms of the contract.

Like other securities - including stocks, bonds, and mutual funds - options carry no guarantees, and a person must be aware that it is possible to lose all of the principal he/she invests, and sometimes more. As an option holder, a person risks the entire amount of the premium he/she paid pay. But as an options writer, a person takes on a much higher level of risk. For example, if a person writes an uncovered call, he/she faces unlimited potential loss, since there is no cap on how high a stock price can rise. However, since initial options investments usually requires less capital than equivalent stock positions, a potential cash losses as an options investor are usually smaller than if someone bought the underlying stock or sold the stock short. The exception to this general rule occurs when an option is used to provide leverage: Percentage returns are often high, but it is important to remember that percentage losses can be high as well.

## **9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of its management. Sunmark Capital Management, LLC and Joe F. Solsona have no information applicable to this Item because they have never been the subject of any civil, criminal or regulatory proceedings.

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

### **a. BROKER-DEALER AFFILIATIONS**

The Adviser, its owners and investment adviser representatives are not affiliated with a broker-dealer.

### **b. FUTURES/COMMODITIES ADVISER AFFILIATION**

The Adviser, its owners and investment adviser representatives are not affiliated with a futures or commodities broker.

### **c. OTHER INDUSTRY AFFILIATIONS**

Mr. Solsona is an independent insurance agent (Life and Health Licensed). He spends approximately 30-hours a week on this activity, which are considered investment related. This other business activity pays Mr. Solsona commissions that are separate from the fees described above. Mr. Solsona may recommend these services to Clients. With the ability to work as a Client's insurance agent and investment adviser representative, this could be viewed as a conflict of interest because each service pays a separate fee or commission. However, Mr. Solsona

attempts to mitigate any conflicts of interest to the best of his ability by placing the Clients interests ahead of his own and through the implementation of policies and procedures that address the conflict.

d. SELECTION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS

The Adviser does not participate in the selection and monitoring of third party investment advisers.

**11. CODE OF ETHICS**

a. DESCRIPTION

The Adviser's Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. The Adviser will provide a copy of our Code of Ethics to any client or prospective client upon request.

The Adviser's Code of Ethics covers all supervised persons and it describes its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the Adviser must acknowledge the terms of the Code of Ethics annually, or as amended.

b. MATERIAL INTEREST IN SECURITIES

The Adviser, its owners and investment adviser representatives do not recommend the purchase or sale of securities in which they have a material financial interest.

c. INVESTING IN THE SAME SECURITIES

The Adviser does not have a proprietary account and therefore does not trade securities.

On occasion, the Adviser's owner and investment adviser representatives may buy or sell for their own accounts securities that are the same as, similar to, or the opposite of those that they recommend to their clients for purchase or sale. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. The Adviser attempts to mitigate the conflict of interest to the best of its ability through the enactment of the Adviser's code of ethics, trading policies, and its fiduciary responsibilities. Nonetheless, the Adviser generally attempts to place client transactions ahead of proprietary trades. The associates of the Adviser are aware of their fiduciary duty to their Clients and the

prohibitions against the use of any insider information. Records of all associates' proprietary trading activities will be kept by the Adviser, available to regulators to review on the premises.

d. RECOMMENDING THE SAME SECURITIES

The Adviser does not have a proprietary account and therefore does not trade securities.

On occasion, the Adviser's owner and investment adviser representatives may buy or sell for their own accounts securities that are the same as, similar to, or the opposite of those that they recommend to their clients for purchase or sale. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. The Adviser attempts to mitigate the conflict of interest to the best of its ability through the enactment of the Adviser's code of ethics, trading policies, and its fiduciary responsibilities. Nonetheless, the Adviser generally attempts to place client transactions ahead of proprietary trades. The associates of the Adviser are aware of their fiduciary duty to their Clients and the prohibitions against the use of any insider information. Records of all associates' proprietary trading activities will be kept by the Adviser, available to regulators to review on the premises.

## **12. BROKERAGE PRACTICES**

a. RECOMMENDATION CRITERIA

When the Adviser recommends brokers or custodians, it will seek broker dealers who offer competitive commissions costs together with reliable services. A Client's choice of another broker-dealer is acceptable if proven feasible. The Adviser has and continues to recommend Scottrade for transaction execution. The Adviser recognizes its fiduciary responsibility in negotiating brokerage commissions, assuring best execution practices and assuring adequate investment availability/inventory on behalf of its clients. We do not receive compensation with respect to execution of trades at Scottrade.

In some instances, a client may incur a ticket charge for the sale or purchase of securities. In other instances, the Adviser may pay the client's ticket charge. This can be negotiated by the client.

The Adviser does not receive client referrals or any other incentive from Scottrade.

Some clients may direct us to a specific broker-dealer to execute securities transactions for their accounts. When so directed, we may not be able to effectively negotiate lower brokerage commissions or achieve best execution on clients' transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients' account because the Adviser cannot negotiate favorable prices.

b. TRADE AGGREGATION

The Adviser does not aggregate trades.

**13. REVIEW OF ACCOUNTS**

a. PERIODIC REVIEWS

The Adviser reviews the general holdings of a Client's accounts on a monthly basis.

b. OTHER REVIEWS

Additional reviews are conducted periodically depending on market conditions.

c. REPORTS

The Client will receive at least quarterly statement from their custodian. The Adviser urges you to carefully review such statements. Clients may or may not receive additional reports from the Adviser.

**14. CLIENT REFERRALS AND OTHER COMPENSATION**

a. OTHER COMPENSATION

The Adviser does not receive extra compensation or any other economic benefit for providing investment advice or other advisory services to clients.

b. CLIENT REFERRALS

The Adviser uses the services of solicitors to obtain clients. The Adviser pays the solicitor 20% of its assets under management fee. When required by state rules regarding solicitor arrangements the Adviser requires its solicitors to be registered.

**15. CUSTODY**

All Client funds, securities and accounts are held at third-party custodians. The Adviser does not take possession of a client's securities. However, the Client will be asked to authorize the Adviser with the ability to deduct fees directly from the Client's account. This authorization will be to deduct the Adviser's management fee only. Prior to deducting the fee, the Adviser shall send a billing statement (invoice) to the Client that indicates the fee to be withdrawn and how it was calculated from the account. A Client may object to the deduction of Adviser's fees from the Account by notifying Adviser at the address or telephone number shown on each billing invoice or by notifying Client's custodian. The Client's custodian shall also send a quarterly statement indicating the amount of fees withdrawn from the Client's Account. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. The Adviser urges you to carefully review such statements.



## **16. INVESTMENT DISCRETION**

The Adviser's services are discretionary. The Adviser's discretionary authority is obtained when a Client signs an investment management agreement. The agreement allows the Adviser to buy and sell securities the Adviser has selected, within the tolerance agreed to by the Client, and in the amounts the Adviser deems suited to the agreed upon portfolio structure. It also allows the Adviser to place each such trade without the Client's prior approval. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client account, and any other investment policies, limitation or restrictions.

## **17. VOTING CLIENT SECURITIES**

Unless otherwise mutually agreed in writing, the Adviser will not be responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in Clients' accounts. Proxy solicitation materials will be forwarded to Clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact his/her investment adviser representative.

## **18. FINANCIAL INFORMATION**

### **a. BALANCE SHEET**

The Adviser does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, this section is not applicable.

### **b. FINANCIAL CONDITION**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Adviser's financial condition. The Adviser has no financial commitment that impairs its ability to service its clients.

### **c. BANKRUPTCY**

The Adviser, its owners and its investment adviser representatives have not been the subject of a bankruptcy proceeding.