

**Item 1: Cover Sheet**



**INFORMATIONAL BROCHURE**

**THE SIMMONS PARTNERSHIP, LLC**

Bosley Hall  
222 Courthouse Ct.  
Towson, MD 21204  
[www.thesimmonspartnership.com](http://www.thesimmonspartnership.com)

James Simmons  
(443) 470-8000

**March 11, 2015**

This brochure provides information about the qualifications and business practices of The Simmons Partnership, LLC. If you have any questions about the contents of this brochure, please contact us at (443) 470-8000 or via email at [darby@thesimmonspartnership.com](mailto:darby@thesimmonspartnership.com). Information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

**Item 2: Statement of Material Change**

---

This ADV Part 2 is being submitted as part of the annual amendment. There have been not material changes.

## **Table of Contents**

Item 1: Cover Sheet.....	1
Item 2: Statement of Material Change .....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	5
Item 6: Performance Based Fees .....	7
Item 7: Types of Clients .....	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9: Disciplinary Information.....	11
Item 10: Other Financial Industry Activities and Affiliations.....	11
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	13
Item 12: Brokerage Practices .....	14
Item 13: Review of Accounts.....	16
Item 14: Client Referrals and Other Compensation .....	17
Item 15: Custody .....	17
Item 16: Investment Discretion .....	17
Item 17: Voting Client Securities.....	18
Item 18: Financial Information .....	18

INFORMATIONAL BROCHURE  
THE SIMMONS PARTNERSHIP, LLC

**Item 4:      Advisory Business**

---

The Simmons Partnership, LLC has been in business since March 18, 2011. James Simmons is the firm's principal owner. The firm's professionals have been in the business of providing investment advice to clients for 15 years.

The Simmons Partnership, LLC provides personalized financial planning and/or investment management services. Clients advised may include individuals, trusts, foundations, pensions and corporations.

Financial Planning

Generally, all clients receive financial planning services. In most cases, the client will supply to The Simmons Partnership, LLC ("TSP") information including income, investments, savings, insurance, age and many other items that are helpful to the firm in assessing your financial goals. The information is typically provided during personal interviews and supplemented with written information. Once the information is received, we will discuss your financial needs and goals with you, and compare your current financial situation with the goals you state. Once these are compared, we will create a financial plan to help you meet your goals.

The plan is intended to be a suggested blueprint of how to meet your goals. Not every plan will be the same for every client. Each one is specific to the client who requested it. Because the plan is based on information supplied by you, it is very important that you accurately and completely communicate to us the information we need. Also, your personal life may change as your engagement with us progresses. It is very important that you continually update us with any changes so that if the updates require changes to your plan, we can make those changes. Otherwise, your plan may no longer be accurate.

Once you have your financial plan, the decision is yours how to implement it. If you decide to implement your financial plan through TSP, you will become an asset management client.

Asset Management

TSP requires each client seeking investment management services to place at least \$250,000 with us. We may waive this account minimum under certain circumstances, in our discretion.

If you wish us to manage your investment accounts, we will ask you to provide us with investment guidelines, so that we can create asset allocations that meet your needs. These guidelines can be developed with our help or you can create them yourself. Some examples of guidelines include your risk tolerance, or a maximum amount of assets to be held in non-U.S. investments, or a limit on the amount of stocks in your portfolio.

Asset management services may be provided on either a “discretionary” or “non-discretionary” basis. When TSP is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You will receive written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive quarterly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and TSP.

When a client engages us to provide investment management services on a non-discretionary basis, we monitor the accounts in the same way as for discretionary services. The difference is that changes to your account will not be made until we have confirmed with you (either verbally or in writing) that our proposed change is acceptable to you.

As of December 31, 2014, TSP has 629 accounts and \$102,450,585 under management. Of these totals, TSP manages 207 accounts and \$39,967,221 on a discretionary basis.

## **Item 5: Fees and Compensation**

---

### **A. Fees Charged**

All clients will be required to execute a written agreement that will describe the type of services to be provided and the fees, among other items.

#### Financial Planning

Financial planning fees can be hourly, fixed fee basis, or included with asset management services. Our hourly charge is \$250 per hour. Fixed fees will be between \$1,000 and \$5,000. The fee range stated is a guide. Fees may be higher or lower than this range, based on the nature of the engagement. Fees are negotiable, and will depend on the anticipated complexity of your plan.

#### Asset Management

Currently, fees vary from zero to 1.85% per annum of the gross market value of a client’s assets managed by TSP. The fee range stated is a guide. Fees are negotiable, and it is possible that a new client may pay a fee higher than the range given. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors.

TSP does not typically recommend that clients trade on margin or otherwise attempt to increase performance through leverage. However, to the extent a client does trade on margin, the value used to

determine the amount of fees payable to TSP. This presents a conflict of interest, as TSP will have an incentive to recommend margin, as trading on margin has the potential to increase, even temporarily, the value of the assets which in turn increases the amount of fees due to TSP. As stated above, margin is not typically recommended, as the risks are significant. Please see Item 8 for a discussion of risk factors, including trading on margin.

#### B. Fee Payment

Fees for financial planning will be billed to each client upon completion of the financial plan. The Simmons Partnership does not generally require a deposit prior to beginning a financial plan, but may do so for larger projects. If the client terminates the Financial Planning Agreement prior to the completion of the plan, any unearned fees will be return to the client.

Investment advisory fees will be deducted directly from each client's account. The advisory fee is paid quarterly, in advance, and the value used for the fee calculation is the net value of the client's account as of last market day of the previous quarter. TSP will determine the exact percentage to be used by dividing the actual number of days in the upcoming quarter by the actual number of days in the year. This percentage will this be applied to the value on the last day of the previous quarter as referenced above. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to TSP.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Fees are not independently verified by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

#### C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. TSP may cover the costs of many of these fees and charges as part of its management fees. Examples of these fees include transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund or ETF, you should read a copy of the prospectus issued by that fund. TSP can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

#### D. *Pro-rata* Fees

Financial Planning: Clients are free to terminate financial planning services. If a client terminates the Financial Planning Agreement, any unearned fees will be returned to the client.

**Asset Management:** If you become a client during a quarter, you will pay a management fee for the number of days left in that quarter. You may terminate the asset management agreement by providing written notice to TSP. If you terminate our relationship during a quarter, you will be charged a management fee for the remainder of the quarter. Once your notice of termination is received, we will charge the fee through the date of transfer of your assets. For example, if you terminate your agreement and there are 45 days left in that quarter, half of the management fee that was deducted from your account for that quarter will be returned to you, either by returning it to your account before your assets move to another advisor, or by sending you a check from the firm.

Assets placed with a private placement may have limited withdrawal ability. In the event of a termination of a client account, assets with a private placement may not be as readily available as those assets invested without a private placement. During any time where assets are invested, a management fee will be charged.

#### E. Compensation for the Sale of Securities.

Certain professionals of TSP are registered representatives of Purshe Kaplan Sterling Investments (“PKS”), a FINRA member broker-dealer. Because PKS supervises the activities of these professionals as registered representatives of PKS, the relationship may be deemed material. However, PKS is not affiliated with TSP or considered a related party. PKS does not make investment decisions for client accounts. Registered representative status enables these professionals to receive customary commissions for the sales of variable annuity products, including those he recommends to clients. Commissions charged for these products will not offset management fees owed to TSP.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This means that the representative has an economic incentive to recommend investment products based on the compensation received, rather than on a client’s needs. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with TSP. TSP attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

### **Item 6: Performance Based Fees.**

---

Fees will not be based upon a share of capital gains or capital appreciation of your accounts (otherwise known as “performance based fees”).

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

---

Clients advised may include individuals, trusts, foundations, pensions and corporations. TSP requires each client seeking investment management services to place at least \$250,000 with us. We may waive this account minimum under certain circumstances, in our discretion.

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

---

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

Each client's portfolio will be invested according to that client's investment objectives. We determine these objectives by interviewing the client and/or asking the client to put these objectives in writing. Once we ascertain your objectives for each account, we will develop a set of asset allocation guidelines. An asset allocation strategy is a percentage-based allocation to different investment types. For example, a client may have an asset allocation strategy that calls for 40-60% of the portfolio to be invested in mutual funds, 30-40% invested in stocks and the rest in bonds. Another client may have an asset allocation of 50-60% in bonds, and the remainder in mutual funds. The percentages in each type that we recommend are based on the typical behavior of that security type, individual securities we follow, current market conditions, your current financial situation, your financial goals, and the timeline to get you to those goals. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from another client's.

Once we have designed your asset allocation guidelines, we will buy or sell securities in your portfolio to meet the guidelines of the asset allocation strategy. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

The specific securities we recommend for your account will depend on market conditions and our research at the time. Generally, we recommend a mix of mutual funds, stocks, bonds, exchange traded funds, closed-end funds, variable annuities and options. We may occasionally recommend a private placement (such as a hedge fund). We research securities on a fundamental basis, which means that we review what we believe the value of the security is, and what we think it will be in the future. We base our conclusions on predominantly publicly available research, such as corporate filings, press releases, competitor analyses, and in some cases research we receive from our broker-dealer or other market analyses. We will also occasionally utilize technical analyses, which means that we will review the past behaviors of the security and the markets in which it trades for signals as to what might happen in the future.

In the case of a private placement investment, our research must take a different approach. Here, we are not researching the security as much as the manager who will manage the hedge fund or separate account. In this case, if the manager is on the Schwab platform, we will review offering materials, performance history, and Schwab's analysis of the manager. If the manager is not on Schwab's platform, we will review background of the manager, back office and compliance, research staff, performance history, and other items to ensure, to the extent possible, that the manager is qualified to manage the assets it has.

There are always risks to investing. It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no



understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value.

- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities.
- **Variable Annuities.** Variable are contracts between an investor and an insurance company. There may be substantial penalties for accessing the investment too early, including penalties assessed by the insurance company for early withdrawal or tax consequences for taking distributions too early.
- **Interest Rate Risk.** The risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship. Such changes usually affect securities inversely and can be reduced by diversifying (investing in fixed-income securities with different durations) or hedging (e.g. through an interest rate swap).
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company's future. For example, a company's management may lack experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.
- **Concentration Risk.** While TSP selects individual equities and bonds for client portfolios based on an

individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.

- **Transition risk.** As assets are transitioned from a client's prior advisers to TSP there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by TSP. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of TSP may adversely affect the client's account values, as TSP's recommendations may not be able to be fully implemented.
- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- **Margin Risk.** "Margin" is a tool used to maximize returns on a given investment by using securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities or to provide cash for a client. In a positive result, the additional securities provide additional return on the same initial investment. In a negative result, the additional securities provide additional losses. Margin therefore carries a higher degree of risk than investing without margin. Any client account that will use margin will do so in accordance with Regulation T. TSP utilizes margin on a very limited basis for clients with higher risk tolerances.
- **REITs.** TSP may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as "REITs". A REIT is an entity, typically a trust or corporation, that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful, but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. Clients should ensure they understand the role of the REIT

in their portfolio.

- **MLPs.** TSP may recommend that portions of client portfolios be allocated to master limited partnerships, otherwise known as “MLPs”. An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client’s portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager’s experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources or commodities investments. Clients should ask TSP any questions regarding the role of MLPs in their portfolio.
- **International Investing.** Investing outside of the United States, especially in emerging markets, can have special or enhanced risks. The most obvious are political risk (changes in local politics can have a vast impact on the markets in that country as well as regulations affecting given issuers) and currency risk (changes in exchange rates between the dollar and the local denominations can materially affect the value of the security even if the underlying fundamentals and market price are stagnant). There are other risks, including enhanced liquidity risk, meaning that while domestic equities and mutual funds are generally easily liquidated (though there may be a risk of loss due to the timing of the sale), equities in other jurisdictions may be subject to the circumstances of lower overall market volume and fewer companies on an emerging exchange. In addition, there may be less information and less transparency in a foreign market or from a foreign company. Foreign markets impose different rules than domestic markets, which may not be to an investor's advantage. Also, companies in foreign jurisdictions are generally able to avail themselves of local laws and venues, meaning that legal remedies for U.S. investors may not be as easily obtained as in the U.S.

## **Item 9:       Disciplinary Information**

---

None to report.

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

---

### **A. Broker-dealer**

To permit TSP clients to have access to as many investment solutions as possible, certain professionals of TSP are registered representatives of Purshe Kaplan Sterling Investments (“PKS”), a FINRA member broker-dealer. The relationship with PKS allows these professionals to provide additional products to clients’ portfolios that would not otherwise be available. Because PKS supervises the activities of these professionals as registered representatives of PKS, the relationship may be deemed material. However, PKS is not affiliated with TSP or considered a related party. PKS does not make investment decisions for

client accounts. Registered representative status enables these professionals to receive customary commissions for the sales of various securities, including those he recommends to clients. Commissions charged for these products will not offset management fees owed to TSP.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to implement any investment recommendation through another broker-dealer that is not affiliated with TSP. TSP attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

#### B. Futures Commission Merchant/Commodity Trading Advisor

Neither TSP, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

#### C. Relationship with Related Persons

Certain professionals of TSP are separately licensed as independent insurance agents. As, such, these professionals may conduct insurance product transactions for TSP clients, in their capacity as licensed insurance agents, and will receive customary commissions for these transactions in addition to any compensation received in his capacity as employees of TSP. Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. These professionals therefore have incentive to recommend insurance products based on the compensation to be received, rather than on a client's needs. The receipt of additional fees for insurance commissions is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage TSP or utilize these professionals to implement any insurance recommendations. TSP attempts to mitigate this conflict of interest by disclosing the conflict to clients, and informing the clients that they are always free to purchase insurance products through other agents that are not affiliated with TSP, or to determine not to purchase the insurance product at all. TSP also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of TSP, which requires that employees put the interests of clients ahead of their own.

#### D. Recommendations of Other Advisers

We may recommend that certain portions of a client's portfolio be managed by independent third-party managers or recommend direct investment with independent third-party managers, typically when those managers demonstrate knowledge and expertise in a particular investment strategy. When we do so, we do not merely refer the client to the other manager, we continue to remain a part of the portfolio manage process, monitoring the activity of that manager, and continuing our ongoing diligence on that manager. However, involving a third party manager presents a conflict of interest in that TSP will have an incentive to recommend managers with whom TSP can obtain the best pricing, which in turn can allow TSP to keep a

greater portion of the client's advisory fee. We attempt to mitigate this conflict by adopting policies and procedures which point out to personnel their obligation to place client interests ahead of their own. We also attempt to mitigate this conflict through the consistent application of our diligence process.

We examine the experience, expertise, investment philosophies and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentration and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

Based on a client's individual circumstances and needs, we will determine which selected money manager's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance and the investment philosophy of the selected money manager. We encourage clients to review each third-party manager's disclosure document regarding the particular characteristics of any program and managers selected by us.

We will regularly and continuously monitor the performance of the selected money managers. If we determine that a particular selected money manager is not providing sufficient management services to the client, or are not managing the client's portfolio in a manner consistent with the client's investment objectives, we will remove the client's assets from that selected money manager and place the client's assets with another money manager at our discretion and without prior consent from the client, unless the client non- discretionary. Permission for non-discretionary accounts will be obtained before placing the client's assets with another money manager.

TSP will obtain appropriate due diligence on all independent third-party managers, making reasonable inquiries into their performance calculations, policies and procedures, code of ethics policies and other operational and compliance matters to account for performance and risk management. We examine the experience, expertise, investment philosophies and past performance of third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

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

---

- A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.
- B. Not applicable.
- C. On occasion, an employee of TSP may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading

and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

- D. On occasion, an employee of TSP may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be pre-cleared through the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Item 12: Brokerage Practices**

---

### **A. Recommendation of Broker-Dealer**

TSP does not maintain custody of your assets (although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account – see Item 15 Custody, below). TSP recommends that investment accounts be held in custody by Schwab Advisor Services (“Schwab”), a FINRA-registered broker-dealer, member SIPC. Schwab offers enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. As discussed in Item 10, Mr. Simmons and Mrs. Ryan are also registered representatives of PKS. In that capacity, it is expected that Mr. Simmons and/or Mrs. Ryan may recommend PKS to clients. Both Schwab and PKS are wholly independent from TSP. While we recommend that you use Schwab as custodian, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

TSP recommends Schwab and PKS to its clients based on a variety of factors. These include, but are not limited to, commission costs. Schwab has what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. Schwab and PKS add value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. Schwab also has arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). Schwab has the highest market share of investment adviser business which makes them the most experienced in matters likely to arise for our clients. TSP re-evaluates the use of Schwab and PKS at least annually to determine if they are still the best value for our clients.

#### Products and Services Available to Us from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage -trading, custody, reporting and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us.

#### Services that Benefit You.

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

#### Services that May Not Directly Benefit You.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

#### Services that Generally Benefit Only Us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

The Simmons Partnership may use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, and we receive a benefit because we do not have to produce or pay

for the research, products or services. The Simmons Partnership may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in the receiving the most favorable execution. While, as a fiduciary, The Simmons Partnership endeavors to act in its clients' best interests, The Simmons Partnership recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to The Simmons Partnership of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

We do not consider whether Schwab, PKS or any other broker-dealer/custodian, refers clients to TSP as part of our evaluation of these broker-dealers.

We do not routinely recommend, request or require that a client direct us to execute trades through a specified broker-dealer.

*Please also see the discussion in Item 10 related to certain firm professionals' status as a registered representative of PKS.*

#### B. Aggregating Trades

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, executed one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example,  $\frac{1}{4}$  of a share, or a position in the account or less than 1%.)

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

---

All accounts will be reviewed by one of TSP' licensed professionals, on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

All clients with at least \$50,000 with TSP will receive a semi-annual report. All other clients will receive an annual report. This report will include valuations as of the end of each quarter and current asset allocations. For assets not invested in a private placement, clients will also receive statements from Schwab, and copies of all trade confirmations directly from Schwab. For assets invested in a private placement, clients will receive quarterly reports from the private placement stating capital balances and performance.

We encourage you to compare the information on your quarterly report prepared by TSP against the information in the statements provided directly from Schwab and alert us of any discrepancies.



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

---

Schwab provides us with some non-cash benefits (not available to retail customers) in return for placing client assets with them or executing trades through them. Such non-cash benefits are referred to as “soft dollars”. Currently, these benefits come in the form of investment research and sponsored attendance at various investment seminars. We may also receive such items as investment software, books and research reports. These products, services, or educational seminars are items that will play a role in determining how to invest client accounts. If there is any item that has a multi-use aspect, mixed between investment and non-investment purposes, TSP will determine a reasonable allocation of investment to non-investment use and soft dollars will be allocated only to the investment portion of the product (and we will pay the remaining cost). TSP receives a benefit from these services, as otherwise we would be compiling the same research ourselves. This may cause a conflict of interest as we may want to place more client accounts with a broker-dealer/custodian such as Schwab, solely because of these added benefits. As such, TSP may have an incentive to select or recommend a broker-dealer based on interests in receiving the research or other products or services, rather than on clients’ interest in receiving most favorable execution. TSP attempts to mitigate this potential conflict by performing regular reviews of execution services and value clients receive to ensure clients are receiving the best possible value for costs paid. However, the value to all of our clients of these benefits is included in our evaluation of custodians. Products and services received via soft dollars will generally be used for the benefit of all clients. However, it is possible that a given client’s trades will generate soft dollars that acquire products and/or services that are not ultimately utilized for that same client’s account. Soft dollars provide additional value, and are accordingly considered in determining which broker-dealer or custodian to utilize as part of our best execution analysis.

#### **Item 15: Custody**

---

TSP deducts fees from client accounts, but would not have custody of client funds otherwise. Clients will receive statements directly from Schwab, and copies of all trade confirmations directly from Schwab.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on your quarterly report prepared by TSP against the information in the statements provided directly from Schwab. Please alert us of any discrepancies.

#### **Item 16: Investment Discretion**

---

Asset management services may be provided on a “discretionary” basis. When TSP is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or

keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and TSP.

We generally recommend that clients utilize Schwab Advisor Services to act as the broker-dealer/custodian for their accounts. However, the client may use another broker-dealer if the client wishes to do so. TSP will not, however, direct trades through another broker-dealer aside from Schwab Advisor Services in exchange for any sort of fee-sharing or commission-splitting.

#### **Item 17:      Voting Client Securities**

---

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. TSP will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. Clients may contact TSP with questions about a particular solicitation.

#### **Item 18:      Financial Information**

---

TSP does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

TSP has discretion over some client accounts. There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.