

# Disclosure Brochure

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1200 John Q. Hammons Drive, Suite 501  
Madison, Wisconsin 53717

(608) 215-3875

This brochure provides information about the qualifications and business practices of BluePoint Investment Counsel, LLC (hereinafter "bluepoint" or the "Firm"). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

bluepoint is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

In this Item, bluepoint is required to discuss any material changes which have been made to the brochure since the Firm's last update dated June 15, 2012. bluepoint does not have any material changes to disclose in this Item.

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## Item 4. Advisory Business

bluepoint has been an SEC registered investment adviser since January 2012 and was acquired by its current Principals, Michael G. Hull, CIMA<sup>®</sup> and Patrick F. Hull, in June 2012.

bluepoint offers a variety of investment advisory services, which include portfolio management, financial planning and institutional consulting. Prior to the rendering of any investment advisory services, clients are required to enter into a written agreement with bluepoint setting forth the relevant terms and conditions of the advisory relationship (the "*Agreement*"). As of March 28, 2013, bluepoint had \$92,279,808 in assets under management; \$64,334,017 of which was managed on a discretionary basis and \$27,945,791 of which was managed on a non-discretionary basis.

While this brochure generally describes the business of bluepoint, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on bluepoint's behalf and is subject to the Firm's supervision or control.

### Financial Planning Services

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bluepoint generally provides individual and family clients with a range of financial planning services, which may address a number of investment and non-investment related matters. Depending upon a client's specific needs, these services may include elements of estate planning, wealth transfer, educational funding and risk analysis, amongst other such functions.

In performing these services, bluepoint is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. bluepoint may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if bluepoint recommends its own services. Clients are under no obligation to act upon any of the recommendations made by bluepoint under a financial planning or consulting engagement or to engage the services of any such recommended professional, including bluepoint itself. Clients retain absolute discretion over all such implementation decisions. Clients are advised that it remains their responsibility to promptly notify bluepoint if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising bluepoint's previous recommendations and/or services.

### Investment Management Services

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bluepoint manages client investment portfolios on a discretionary or non-discretionary basis.

bluepoint primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, options, and independent investment managers ("*Independent Managers*"), in accordance with the investment objectives of its individual clients. For the "added value"

portion of a client's portfolio, the Firm may also allocate assets across alternative investment classes, such as managed futures, real estate, private equity, and/or pooled investment vehicles (e.g., hedge funds).

Clients may also engage bluepoint to advise on certain investment products that are not maintained at their primary custodian, such as assets held in employer sponsored retirement plans and qualified tuition plans (e.g., 529 plans). In these situations, bluepoint directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the custodian designated by the product's provider.

bluepoint tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their specific investment profiles. bluepoint consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other factors relevant to the management of their portfolios. Clients are advised to promptly notify bluepoint if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if bluepoint determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

These investment advisory services do not include securities brokerage services, as the Firm does not serve as the sponsor or manager to a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the Firm).

### **Use of Independent Managers**

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As mentioned above, bluepoint may select or recommend certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either bluepoint or the client. In addition to this brochure, clients also receive the written disclosure documents of the designated *Independent Managers* engaged to manage their assets.

bluepoint evaluates various information about the *Independent Managers* in which it selects or recommends to manage client portfolios. The Firm generally reviews a variety of different resources, which may include the *Independent Managers'* public disclosure documents, materials supplied by the *Independent Managers* themselves, and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposures. bluepoint also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors.

bluepoint continues to provide services relative to the discretionary or non-discretionary selection of the *Independent Managers*. On an ongoing basis, the Firm monitors the performance of those accounts being managed by *Independent Managers* by reviewing the account statements and trade confirmations produced by the *Financial Institutions* (defined below), as well as other performance information furnished by the *Independent Managers* and/or other third-party providers. bluepoint seeks to ensure the *Independent Managers*' strategies and target allocations remain aligned with its clients' overall portfolio exposures and investment objectives.

### **Institutional Consulting Services**

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bluepoint also provides a range of institutional consulting services addressing a variety of investment and non-investment related matters. The scope of these project-based services varies, as each engagement is individually negotiated and tailored to accommodate the specific needs of a particular institution.

## **Item 5. Fees and Compensation**

bluepoint offers its services on a fee basis, meaning that clients pay an annual fee based upon a percentage of the assets being managed by the Firm or, in the alternative, a fixed project-based fee.

### **Investment Advisory Fees**

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bluepoint's annual advisory fee generally ranges from 20 to 100 basis points (0.20% – 1.00%) for most client accounts, depending upon the scope of an engagement and the size of a client's portfolio. For certain accounts comprised of more nuanced asset classes, the Firm may charge a higher effective rate, as specified in the *Agreement*. These fees are prorated and charged quarterly in advance, as derived from the value of the assets under management on the last day of the previous quarter.

For the initial term of an engagement, the fee is calculated on a *pro rata* basis. In the event the *Agreement* is terminated, the fee for the final billing period is prorated through the effective date of the termination and the unearned portion is refunded to the client, as appropriate. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. In the event the Firm utilizes margin in a client account, the advisory fee is calculated on the gross account value, which excludes any levered positions acquired on margin.

bluepoint, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

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**Institutional Consulting Fees**

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bluepoint generally charges an individually negotiated fixed fee to provide institutional clients with project-based consulting services. These fees are largely determined by the scope and duration of the agreed upon services, as well as the complexity of a particular engagement.

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**Additional Fees and Expenses**

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In addition to the fee paid to bluepoint, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), 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.

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**Fee Debit**

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The Firm's *Agreement* and the separate agreement with any *Financial Institutions* generally authorize bluepoint and/or the *Independent Managers* to debit its clients' accounts for the amount of the management fee and to directly remit that fee to bluepoint or the *Independent Managers*. Any *Financial Institutions* recommended by bluepoint have agreed to send statements to clients not less than quarterly indicating all amounts disbursed from the account, including the amount paid directly to bluepoint. Alternatively, clients may elect to have bluepoint send them an invoice for direct payment.

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**Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to bluepoint's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to bluepoint, subject to the usual and customary securities settlement procedures. However, bluepoint designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. bluepoint may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

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

bluepoint does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

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

bluepoint provides its services to private individuals and families, corporations and other business entities, pension and profit sharing plans, foundations, school districts, and institutions of higher education.

### **Minimum Account Requirements**

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bluepoint does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

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

### **Methods of Analysis**

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bluepoint generally utilizes a combination of fundamental, technical and cyclical methods of analysis.

Fundamental analysis involves an evaluation of a company's fundamental financial condition and competitive position. bluepoint generally analyzes a company's financial condition, capabilities of management, growth prospects, earnings capacity, new products and services, as well as the company's position amongst its industry competitors in order to determine the recommendations made to clients. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific company information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that bluepoint will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (entire market or economy) or micro (company specific) level, rather than focusing on the overall fundamental analysis of the health of the particular company that bluepoint is recommending. The risks with cyclical analysis are similar to those of technical analysis.



## Investment Strategies

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bluepoint builds a unique investment strategy for each of its clients. Each strategy is designed to address the myriad of concerns of objectives of each client. Within those strategies, bluepoint employs proprietary models for each individual subset. A subset may be a public equity portfolio that is similar across client accounts. While the portfolio itself will be similar to other clients, the allocation to this portfolio ranges considerably due to the client's specific needs. Other models may involve dividend-paying stocks, hedge funds, managed futures, private equity or direct real estate, each one employed based on the client's unique situation.

## Risks of Loss

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### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential loss.

### *Market Risks*

The profitability of a significant portion of bluepoint's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that bluepoint will be able to predict those price movements accurately.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV.

There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Options*

Options allow investors to buy or sell a security at a contracted strike price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge against potential losses or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase or decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### *Use of Independent Managers*

bluepoint may recommend the use of *Independent Managers*. In these situations, bluepoint conducts ongoing due diligence of the *Independent Managers*, but such recommendations rely to a great extent on the ability of the *Independent Managers* to successfully implement their investment strategies. In addition, bluepoint generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

### *Use of Private Collective Investment Vehicles*

bluepoint recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

### *Real Estate Investment Trusts (REITs)*

bluepoint may recommend an investment in, or allocate assets among, various REITs, the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real

estate market may give rise to large fluctuations in the value of the REITs' shares. Mortgage related holdings may also give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

#### *Management Through Similarly Managed "Model" Portfolios*

bluepoint manages certain accounts through the use of similarly managed "model" portfolios, whereby the Firm allocates all or a portion of its clients' assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact bluepoint if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

#### *Use of Margin*

While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a *Financial Institution*, which is secured by a client's holdings. Under certain circumstances, a lending *Financial Institution* may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the *Financial Institution* may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

## **Item 9. Disciplinary Information**

bluepoint has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of the Firm's management.

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

bluepoint is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. bluepoint has no disclosures pursuant to this Item.

## Item 11. Code of Ethics

bluepoint and persons associated with bluepoint are permitted to buy or sell securities that the Firm also recommends to clients consistent with bluepoint's policies and procedures.

bluepoint has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940, the Firm's *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by bluepoint or any of its associated persons. The *Code of Ethics* also requires that certain of bluepoint's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments, such as initial public offerings and limited offerings.

Unless specifically permitted in bluepoint's *Code of Ethics*, none of bluepoint's *Access Persons* may effect for themselves or for their immediate family (e.g., a spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of bluepoint's clients.

When bluepoint is purchasing, or considering for purchase, any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when bluepoint is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to:

- Direct obligations of the Government of the United States;
- Money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements;
- Shares issued by mutual funds or money market funds; and
- Shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact bluepoint to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

### Recommendation or Selection of Financial Institutions

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bluepoint generally recommends that investment management clients utilize the brokerage, clearing and custodial services of Charles Schwab & Co., Inc. ("*Schwab*").

In general, bluepoint may only implement its investment management recommendations after the client has arranged for and furnished bluepoint with all information and authorization regarding accounts held at their respective *Financial Institutions*, which includes *Schwab*. Factors which bluepoint considers in recommending *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab* may enable bluepoint to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

Furthermore, the commissions paid by bluepoint's clients comply with bluepoint's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where bluepoint determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. bluepoint seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other *Financial Institutions* with whom bluepoint and the *Financial Institutions* have entered into agreements for prime brokerage clearing services. bluepoint periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

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### **Brokerage for Client Referrals**

bluepoint does not consider, in recommending broker-dealers, whether the Firm or a related person receives client referrals from a broker-dealer or third party.

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### **Directed Brokerage**

A client may direct bluepoint in writing to use a particular *Financial Institution* to execute some or all transactions for the client. As not all investment advisers require their clients to direct brokerage, the Firm does not routinely recommend, request or require a client do so. In direct brokerage situations, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and bluepoint will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by bluepoint. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, bluepoint may decline a client's request to direct brokerage if,

in bluepoint's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### Trade Aggregation

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Transactions for each client generally will be effected independently, unless bluepoint decides to purchase or sell the same securities for several clients at approximately the same time. bluepoint may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among bluepoint's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. In this situation, transactions will generally be averaged as to price and allocated among bluepoint's clients *pro rata* to the purchase and sale orders placed for each client on any given day.

To the extent that bluepoint determines to aggregate client orders for the purchase or sale of securities, including securities in which bluepoint's *Supervised Persons* may invest, bluepoint generally does so in accordance with applicable rules and regulations. bluepoint does not receive any additional compensation or remuneration as a result of the aggregation. In the event that bluepoint determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include:

- When only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates;
- Allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts;
- If an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed);
- With respect to sale allocations, allocations may be given to accounts low in cash;
- In cases when a *pro rata* allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, bluepoint may exclude the account(s) from the allocation and the transactions may be executed on a *pro rata* basis among the remaining accounts; or
- In cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist bluepoint in its investment

decision-making process. Such research generally will be used to service all of bluepoint's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because bluepoint does not have to produce or pay for the products or services.

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**Software and Support Provided by Financial Institutions**

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bluepoint may receive from *Schwab*, without cost to bluepoint, computer software and related systems support, which allow bluepoint to better monitor client accounts maintained at *Schwab*. bluepoint may receive the software and related support without cost because bluepoint renders investment management services to clients that maintain assets at *Schwab*. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit bluepoint, but not its clients directly. In fulfilling its duties to its clients, bluepoint endeavors at all times to put the interests of its clients first. Clients should be aware, however, that bluepoint's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence bluepoint's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

## **Item 13. Review of Accounts**

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**Account Reviews**

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bluepoint monitors the portfolios of its investment management clients as part of a continuous and ongoing process, while regular account reviews are conducted at least quarterly. For those clients to whom bluepoint provides financial planning services, reviews are conducted on an "as needed" basis. All such reviews are conducted by a Principal of bluepoint and/or one or more of the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with bluepoint and to keep bluepoint informed of any changes thereto. bluepoint contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in their financial situations and/or investment objectives.

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**Account Statements and Reports**

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Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. From time to time or as otherwise requested, investment advisory clients also receive written or electronic reports from bluepoint and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should



compare the account statements they receive from their custodian with those they receive from bluepoint or an outside service provider.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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bluepoint has arrangements in place whereby the Firm provides compensation for client referrals. In the event a client is introduced to bluepoint by a solicitor, bluepoint may pay that solicitor a referral fee in accordance with applicable laws, rules and regulations. All referral fees are paid solely from bluepoint's management fee and do not result in any additional charges to the Firm's clients. In these situations, clients are advised of the solicitation relationship with bluepoint and are provided with the appropriate brochure prior to or at the time the *Agreement* is executed. All third-party solicitors who are not affiliated with bluepoint also provide clients with a copy of the solicitor's disclosure statement containing the terms and conditions (including compensation) of the solicitation arrangement.

### Other Economic Benefit

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bluepoint may receive an economic benefit from a third party (non-client) for providing investment advice to the Firm's advisory clients. This type of relationship poses a potential conflict of interest, as discussed in Item 12.

## Item 15. Custody

bluepoint is deemed to have custody over a client's assets when it is authorized to directly debit a client's account for payment of the Firm's quarterly management fee. In accordance with applicable custody rules, the *Financial Institutions* recommended by bluepoint have agreed to send statements to clients, not less than quarterly, indicating all amounts paid to bluepoint and/or the *Independent Managers* engaged to manage their accounts.

As discussed in Item 13, bluepoint and/or a third party vendor may also send periodic reports to clients. Clients are advised to carefully review the statements and confirmations sent directly by the *Financial Institutions* and to compare them with any reports received from bluepoint or an outside service provider.

## Item 16. Investment Discretion

Clients may grant bluepoint the authority to exercise discretion on their behalf. bluepoint is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. bluepoint is given this authority through a power-of-attorney included



in the *Agreement* between bluepoint and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold).

Specifically, bluepoint takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Financial Institutions* to be utilized.

## Item 17. Voting Client Securities

bluepoint may vote client securities (i.e., proxies) on behalf of its clients. When bluepoint accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully described in bluepoint's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in bluepoint's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact bluepoint to request information about how bluepoint voted proxies for that client's securities or to get a copy of bluepoint's Proxy Voting Policies and Procedures.

A brief summary of bluepoint's Proxy Voting Policies and Procedures is as follows:

- bluepoint has formed a Proxy Voting Committee which is responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee generally votes proxies according to bluepoint's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, bluepoint devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct bluepoint's vote on a particular solicitation but can revoke bluepoint's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that bluepoint maintains with persons having an interest in the outcome of certain votes, bluepoint takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

### **Item 18. Financial Information**

bluepoint is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

**bluepoint**  
INVESTMENT COUNSEL

1200 John Q. Hammons Drive, Suite 501  
Madison, Wisconsin 53717

(608) 215-3875

Prepared by:



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*The Adviser's Advisor®*