



1225 Crescent Green, Suite 210  
Cary, NC 27518  
(919) 948-4453  
[www.emerald-ip.com](http://www.emerald-ip.com)

Firm Contact:  
Robert Leggett  
Chief Compliance Officer

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This brochure provides information about the qualifications and business practices of Emerald Investment Partners, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at 919-948-4453 or email [Robert@emerald-ip.com](mailto:Robert@emerald-ip.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

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

Please note that the use of the term "registered investment adviser" and description of Emerald Investment Partners, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated 1/8/2015, we have the following material changes to report:

- As of January 31, 2015 our firm name has changed from Emerald Asset Management to Emerald Investment Partners.
- As of January 31, 2015 James Tharin is no longer an owner of our firm.
- As of January 31, 2015 we have begun offering Institutional Subscription services available to financial advisors.
- We described in further detail the asset management services we provide.
- We disclosed we primarily offer advice on Exchange Traded Funds.
- In the event your advisory fees are debited directly from your account, we are not required to send you an invoice detailing the amount of the fee.
- We disclosed that for clients who engage us to provide asset management services, we generally provide a financial plan to clients at no additional charge, however we reserve the right to charge clients for such service.
- We disclosed certain information which is important for you to consider when considering an IRA rollover.
- We described in greater detail our Methods of Analysis, Investment Strategies and Risk of Loss under Item 8.
- We amended the summary of our Code of Ethics.
- We disclosed our personal trading policies under Item 11.
- We amended our disclosure relating to aggregation of transactions also known as block trading. We disclosed that we generally aggregate client transactions for discretionary accounts, but we do not aggregate transactions for non-discretionary accounts.
- We disclosed that we monitor Asset Management accounts on an ongoing basis and conduct an internal review accounts on at least an annual basis. The nature of our internal reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable.
- We disclosed that we recommend the brokerage and custodial services of TD Ameritrade Institutional (through the TD Ameritrade Institutional Program), a division of TD Ameritrade, Inc. ("TD Ameritrade") and we disclosed the benefits we receive from TD Ameritrade.
- We disclosed that we may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.
- We disclosed our policy on trade errors.
- We disclosed that we do not give any advice regarding class actions lawsuits for securities held in your account.
- We disclosed that you will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

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## Item 4 Advisory Business

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of North Carolina. Our firm has been in business as an investment adviser since 2013 and is equally owned by Robert Leggett and Clint Sorenson. We also operate under the name WealthShield.

We specialize in the following types of services: Asset Management, Financial Planning & Consulting and Pension Consulting.

The following paragraphs describe our services and fees. Please refer to the description of each service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Emerald Investment Partners, LLC. and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person or Investment Adviser Representative throughout this Brochure. As used in this Brochure, our Associated Persons or Investment Adviser Representatives are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### **Types of Advisory Services We Offer**

#### **Asset Management:**

We offer discretionary and non-discretionary asset management services. Our investment advice is tailored to meet your needs and investment objectives. If you retain our firm for these services, we will determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables us to give you continuous and focused investment advice and/or to make investments on your behalf.

As part of our investment management services, we will invest your assets according to one or more model portfolios developed by our firm. In some cases, client accounts may deviate from our models depending on individual client circumstances. Once we select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your prior approval. Discretionary authority is typically granted by the portfolio management agreement you sign with our firm, a power of attorney, or trading authorization forms. For non-discretionary accounts, we will obtain your approval prior to executing any transactions

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on your behalf.

We may also provide advice on retirement accounts which are not custodied at broker-dealers which we recommend. In such cases, we will review the accounts on a periodic basis (at least annually) and make recommendations to you. It shall be your sole responsibility to implement any such recommendations.

**Financial Planning & Consulting:**

We provide a variety of financial planning and consulting services to individuals, families, institutions and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service.

Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

**Retirement and Pension Consulting:**

We provide retirement and pension consulting services to employer plan sponsors and plan participants on a one-time or ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors and participants in establishing, monitoring and reviewing their defined benefit or participant-directed retirement plans. As the needs of the clients dictate, areas of advising could include: investment options, plan structure and participant education, 401K advice and custom investment models.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in the Pension Consulting Agreement).

Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status.

The services we provide to your Plan are specifically described in a separate 408(b)(2) written disclosure document that we will provide to you or in the advisory agreement. Our compensation for these services is described below, at Item 5, in the advisory agreement and/or the 408(b)(2) written disclosure document.

Status - In providing services to the Plan and investment advice to Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940 and we are not subject to any disqualifications under Section 411 of ERISA.

**Institutional Subscription Services:**

We provide registered investment advisers with a monthly subscription service. Advisers who subscribe to this service receive access to Emerald Investment Partners' trading models and proprietary strategies with monthly positions for the associated models. This service is only available to financial advisors.

**Tailoring of Advisory Services**

We offer individualized investment advice to clients utilizing our Asset Management service. Additionally, we offer general investment advice to clients utilizing our Financial Planning & Consulting services.

**Participation in Wrap Fee Programs**

We do not offer wrap fee programs.

**Types of Investments**

We primarily offer advice on Exchange Traded Funds.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

**Regulatory Assets Under Management<sup>1</sup>**

As of February 2, 2016, we provide continuous management services for \$101,377,000 in client assets on a discretionary basis, and \$1,263,000 in client assets on a non-discretionary basis.

<sup>1</sup> Please note that our method for computing the amount of "client assets we manage" can be different from the method for computing "assets under management" required for Item 5.F in Part 1A of Form ADV. However, we have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute "client assets we manage," we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000. Our "as of" date must not be more than three months before the date we last updated our Brochure in response to Item 4.E of Form ADV Part 2A.

**Item 5 Fees and Compensation****How We Are Compensated for Our Advisory Services****Asset Management:**

We charge an annual fee ranging up to 2.00% of the value of your assets under our management. Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Our fees are generally not negotiable.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts.

If the client agreement is executed at any time other than the first day of a quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

#### **Financial Planning & Consulting:**

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fee is \$350. Flat fees generally range from \$1,500 to \$10,000.

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months. For clients who engage us to provide asset management services, we generally provide a financial plan to clients at no additional charge, however we reserve the right to charge clients for such service.

#### **Retirement and Pension Consulting:**

We charge an hourly fee, flat fee or a fee based on a percentage of assets for retirement and pension consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our maximum hourly fee is \$500. Our flat fees generally range from \$750 to \$10,000. Flat fees will be charged annually for ongoing pension consulting services. Fees based on a percentage of assets will be charged up to 0.60%.

We will directly bill you for our retirement and pension consulting service. Our bill is due and payable within thirty (30) days.

#### **Institutional Subscription Services:**

We charge up to \$500 monthly in advance for our institutional subscription services. Clients will be invoiced directly for this service.

#### **Other Fees**

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

#### **Refunds Following Termination**

In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

## **Commissionable Securities Sales**

In order to sell securities for a commission, some of our supervised persons are registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), member FINRA/SIPC. Our supervised persons may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities:

1. Presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products based on the compensation received, rather than on your needs. We generally address commissionable sales conflicts that arise when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn and may not necessarily be in the best interests of the client or when recommending commissionable mutual funds, explaining that "no-load" funds are also available.
2. In no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us.

## **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.



- a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the **Advisory Business** section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We have the following types of clients:

- Individuals and High Net Worth Individuals; and
- Trusts, Estates or Charitable Organizations.

We do not have requirements for opening and maintaining accounts or otherwise engaging us.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

**Fundamental analysis** is a method of evaluating a company that has issued a security by attempting to measure the value of its underlying assets. It entails studying overall economic and industry conditions as well as the financial condition and the quality of the company's management. Earnings, expenses, assets, and liabilities are all important in determining the value of a company. The value is then compared to the current price of the issuing company's security to determine whether to purchase, sell or hold the security.

Risk: The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Cyclical analysis** is a form of fundamental analysis that involves the process of making investment decisions based on the different stages of an industry at a given point in time.

Risk: The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

**Quantitative Analysis** is a method of determining the value of a security by examining its numerical, measurable characteristics such as revenues, earnings, margins and market share.

Risk: Empirical data may not necessarily be the best indicator of the value of a certain investment and purely mathematical approaches may not reveal significant security specific developments.

**Charting** involves identifying patterns that can suggest future activity in price movements. A chart pattern is a distinct formation on a stock chart that creates a trading signal or a sign of future price movements. Chartists use these patterns to identify current trends and trend reversals to trigger buy and sell signals. Some of the chart types are Line Charts, Bar Charts, Candlestick, Point and Figure, etc.

Risk: Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Technical analysis** is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

Risk: The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risk: Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Risk: Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

**Short Sales** - securities transaction in which an investor sells securities that were borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future.

Risk: A short seller will profit if the stock goes down in price, but if the price of the shares increase, the potential losses are unlimited.

**Margin Transactions** - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

Risk: If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

**Options Trading** - a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option. The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options are generally more volatile than prices of other types of securities. When trading in options, you may run the risk of losing the entire investment in a relatively short period of time. In more risky options strategies, an investor could theoretically have an unlimited risk of loss.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. This may include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses. However, there is a risk that frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

Our strategies and investments may have unique and significant tax implications. We will generally attempt to structure your portfolio in the most tax efficient manner possible based on your accounts under our management. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

As a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will, by default, use the FIFO ("First In First Out") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the *Advisory Business* section in this Brochure, we primarily recommend Exchange Traded Funds (ETFs).

ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on ETFs can be reduced by the costs to manage the funds. During time of extreme market volatility ETF pricing may lag vs. the actual underlying asset values. This lag usually resolves itself in a short period of time (usually less than one day) however there is no guarantee this relationship will always occur.

## **Item 9 Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

## **Item 10 Other Financial Industry Activities And Affiliations**

Our firm or our management persons have a material relationship with the following related person(s) as follows:

- **Registered Representative:** Some Representatives of our firm are registered representatives of PKS, member FINRA/SIPC. They may offer securities and receive normal and customary commissions as a result of securities transactions. A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation they may earn and may not necessarily be in the best interests of the client.
- **Insurance Agent:** Some Representatives of our firm are insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of

interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting us at the number on the cover page of this Brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

### **Selecting a Brokerage Firm**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided

- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm has an arrangement with Raymond James Financial Services, Inc. ("RJFS"), member FINRA/SIPC. RJFS offers to independent investment advisers non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some non-soft dollar benefits from RJFS through our participation in the program. Please see the disclosure below and under Item 14 of this Brochure.

RJFS may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by RJFS may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by RJFS to our firm in the performance of our investment decision-making responsibilities.

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above and in Item 14 below, we may have an incentive to continue to use or expand the use of RJFS services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with RJFS and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

RJFS charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). RJFS enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. RJFS commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by RJFS may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to RJFS that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is 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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

We also recommend the brokerage and custodial services of TD Ameritrade Institutional (through the TD Ameritrade Institutional Program), a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through its participation in the program. Our firm and/or our Associated Persons may receive benefits such as assistance with conferences and educational meetings from product sponsors.

### **Brokerage for Client Referrals**

Our firm does not receive brokerage for client referrals.

### **Directed Brokerage**

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of RJFS and/or TD Ameritrade, Inc. Each client will be required to establish their account(s) with RJFS and/or TD Ameritrade, Inc. if not already done. Please note that not all advisers have this requirement.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

### **Block Trades**

Generally, for discretionary accounts, we will aggregate orders with respect to the same security purchased for different clients. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction, subject to our discretion depending on factual or market conditions. Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts. Allocations of orders among client accounts must be made in a fair and equitable manner.

We generally aggregate client transactions for discretionary accounts, but we do not aggregate transactions for non-discretionary accounts.

## **Item 13 Review of Accounts**

We monitor Asset Management accounts on an ongoing basis and conduct an internal review accounts on at least an annual basis. The nature of our internal reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Reviews are conducted by Robert Leggett and/or Clint Sorenson, Managing Partners. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our Asset Management services.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Retirement and Pension Consulting clients receive reviews of their pension plans for the duration of the pension consulting service. We also provide ongoing services to Retirement and Pension Consulting clients where we meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Retirement and Pension Consulting clients do not receive written or verbal updated reports regarding their pension plans unless they choose to contract with us for ongoing Pension Consulting services.

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

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

### **Raymond James Financial Services Inc.**

Our firm always recommends clients establish brokerage accounts with RJFS, a FINRA/SIPC member. RJFS provides us with access to its institutional trading and operations services, which typically are not available to RJFS retail customers. These services are generally available, without cost, to financial advisory firms who maintain a minimum threshold of client assets with RJFS.

### **Additional Compensation:**

Services provided by RJFS to financial advisory firms include research (including mutual fund research, third-party research, and RJFS proprietary research), brokerage, custody, and access to mutual funds and other investments that are available only to institutional investors or would require a significantly higher minimum initial investment. In addition, RJFS makes available software and other technologies that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution, provide research, pricing information, quotation services, and other market data, assist with contact management, facilitate payment of fees to our firm from client accounts, assist with performance reporting, facilitate trade allocation, and assist with back-office support, record-keeping, and client reporting. RJFS also provides access to financial planning software, practice management consulting support, best execution assistance, consolidated statements assistance, educational and industry conferences, marketing and educational materials, technological and information technology support, and RJFS corporate discounts. Many of these services may be used to service all or a substantial number of RWIs' accounts, including accounts not maintained at RJFS.



RJFS may also provide us with other services intended to help us manage and further develop our business enterprise, including assistance in the following areas: consulting, publications and presentations, information technology, business succession, and marketing. In addition, RJFS may make available or arrange and/or pay for these types of services provided by independent third parties, including regulatory compliance.

RJFS is recognized as a full-service registered broker-dealer and registered investment adviser. Our firm has no formal relationship with RJFS for client referrals and receives no compensation from RJFS (other than the services and arrangements described herein) for accounts opened by firm clients. On an informal basis, RJFS occasionally may make referrals to our firm as a courtesy or accommodation. Nothing of value, monetary or otherwise, is given, paid, or received in exchange for such referrals.

The firm utilizes RJFS for custody of customer assets and execution of customer transactions. RJA, a corporate affiliate of RJFS and member of the New York Stock Exchange and the Securities Investor Protection Corporation, acts as the clearing agent in the execution of securities transactions placed through RJFS. The firm, subject to its best execution obligations, may trade outside of RJFS. In the selection of broker-dealers, the firm may consider all relevant factors, including the commission rate, the value of research provided, execution capability, speed, efficiency, confidentiality, familiarity with potential purchasers and sellers, financial responsibility, responsiveness, and other relevant factors. The firm has retained and will compensate RJFS and or RJFS to provide various administrative services which include determining the fair market value of assets held in the account at least quarterly and producing a brokerage statement and performance reporting for client detailing account assets, account transactions, receipt and disbursement of funds, interest and dividends received, and account gain or loss by security as well as for the total account.

RJFS has provided one-time \$300,000 repayable loan and the reimbursement of our firm's client ACAT transfer fees charged by their current broker-dealer. The \$300,000 is contingent upon maintaining at least 70% of our estimated assets under management custodied at RJFS for a period of five (4) years.

Loan amounts are normally intended to assist us with start-up costs, including rent, overhead expenses, computers, monies owed to third parties, and similar costs.

The terms of the RJFS repayable loan program are normally competitive with interest rates offered within the securities industry, including margin loan interest rates. The terms of the RJFS repayable loan program are negotiable. Clearing and custodial arrangements with RJFS, RJA, or any other RJFS affiliates as described herein do not and will not in any way affect, or relate or pertain to, the RJFS repayable loan programs.

#### **TD Ameritrade, Inc.**

As stated above, we recommend the brokerage and custodial services of TD Ameritrade Institutional (through the TD Ameritrade Institutional Program), a division of TD Ameritrade, Inc. ("TD Ameritrade").

There is no direct link between our participation in the program and the investment advice it gives to its clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD

Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits we receive through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

### **Referral Fees**

We may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm.

## **Item 15 Custody**

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us at the number on the cover page of this Brochure.

## **Item 16 Investment Discretion**

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, we are authorized to execute securities transactions including the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction.

Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgment.

## **Item 17 Voting Client Securities**

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

## **Item 18 Financial Information**

We are not required to provide financial information in this Brochure because we do not require the prepayment of more than \$1,200 in fees and six or more months in advance, we do not take custody of client funds or securities and we do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

If you decide to close your account(s) we will adhere to our privacy policies, which may be amended from time to time.

If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive written notice of the change. You may not opt out of the required disclosures.

If you have questions about our privacy policies contact our main office at the telephone number on the cover page of this brochure and ask to speak to the Chief Compliance Officer.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

For accounts custodied at RJFS, if a profit results from correcting the trade, the profit will be used by our firm to offset trade error losses that we may have made 30 days prior and 30 days subsequent to the date of the trade. After that 60 day window, any trade error profits are retained by Raymond James.

For accounts custodied at TD Ameritrade, if a profit results from correcting the trade, you will not retain the profit as all net gains (positive error accounts balances resulting from trade corrections) will be moved to a TD Ameritrade error account and subsequently donated to charity.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.