

## Form ADV Part 2A: Firm Brochure

### Item 1 – Cover Page

#### **ClearStone Capital Management, LLC**

299 South State Street, Suite 1300

Salt Lake City, Utah 84111

866-534-0530

[www.clearstonecapitalmanagement.com](http://www.clearstonecapitalmanagement.com)

Date of Disclosure Brochure: March 2016

---

This disclosure brochure provides information about the qualifications and business practices of ClearStone Capital Management, LLC (also referred to as we, us and ClearStone Capital Management throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Michael Robinson at 866-534-0530 or [Mike@myclearstone.com](mailto:Mike@myclearstone.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about ClearStone Capital Management is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for ClearStone Capital Management, LLC or our firm's CRD number 173534.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since filing the last Annual Amendment to this Form ADV Part 2A: Firm Brochure in January 2015, we have updated our Asset Management Services program to provide for the ability to select or recommend the use of unaffiliated, third-party investment advisers serving as “Sub-Advisers” to manage all or a portion of your assets. Please refer to Items 4, 5, 10 and 17 for additional details.

The fee schedule used for Investment Consulting services, as described in Item 5, has been updated.

We have also removed Scottrade from Item 12 as the brokerage platform we primarily recommend and replaced it with TD Ameritrade.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm’s fiscal year ends. Our firm’s fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

### Item 3 – Table of Contents

Item 2 – Material Changes .....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business.....	4
Introduction.....	4
Description of Advisory Services .....	4
Limits Advice to Certain Types of Investments.....	7
Tailor Advisory Services to Individual Needs of Clients.....	7
Client Assets Managed by ClearStone Capital Management.....	7
Item 5 – Fees and Compensation.....	8
Asset Management Services .....	8
Investment Consulting Services.....	9
Financial Planning Services.....	10
Item 6 – Performance-Based Fees and Side-By-Side Management.....	11
Item 7 – Types of Clients .....	12
Minimum Investment Amounts Required.....	12
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	12
Methods of Analysis .....	12
Investment Strategies .....	13
Risk of Loss.....	14
Item 9 – Disciplinary Information.....	16
Item 10 – Other Financial Industry Activities and Affiliations .....	16
Third – Party Investment Advisor Arrangements .....	16
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	16
Code of Ethics Summary .....	16
Affiliate and Employee Personal Securities Transactions Disclosure.....	17
Item 12 – Brokerage Practices.....	17
Directed Brokerage .....	19
Block Trading Policy.....	19
Item 13 – Review of Accounts .....	20
Account Reviews and Reviewers.....	20
Statements and Reports .....	20
Item 14 – Client Referrals and Other Compensation.....	20
Item 15 – Custody.....	21
Item 16 – Investment Discretion .....	21
Item 17 – Voting Client Securities.....	22
Item 18 – Financial Information.....	22
Customer Privacy Policy Notice .....	22

## **Item 4 – Advisory Business**

ClearStone Capital Management is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Delaware.

- Benjamin Merryman is the Managing Member and President of ClearStone Capital Management. Benjamin Merryman owns 60% of ClearStone Capital Management. He is the only individual person controlling 25% or more of the firm.
- ClearStone Capital Management filed its initial application to become registered as an investment adviser in October 2014.

### **Introduction**

The investment advisory services of ClearStone Capital Management are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of ClearStone Capital Management (referred to as your investment adviser representative throughout this brochure).

### **Description of Advisory Services**

The following are descriptions of the primary advisory services of ClearStone Capital Management. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and ClearStone Capital Management before we can provide you the services described below.

**Asset Management Services** – ClearStone Capital Management offers asset management services, which involves ClearStone Capital Management providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account. Please refer to Item 15 – Custody for more information.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account. Please refer to Item 16 – Investment Discretion for more information.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

*Recommendation of Unaffiliated Sub-Advisers:* As part of our Asset Management Services, we have the ability to select or recommend the use of unaffiliated, third-party investment advisers serving as “Sub-Advisers” to manage all or a portion of your assets. The selection of Sub-Advisers may be effected on either a discretionary or non-discretionary basis. If we have discretion to select the Sub-Adviser, this means we can “hire-and-fire” the Sub-Advisers from your account without first consulting with you. If we have non-discretionary authority to recommend Sub-Advisers, this means you will be required to sign additional paperwork (e.g. the Sub-Adviser’s client agreement) required to add or remove a Sub-Adviser from your account.

Any Sub-Adviser recommended by us shall be registered or exempt from registration in your home state. The decision to use a Sub-Adviser is always based on the each client’s individual needs. Our decision to select or recommend Sub-Advisers is based primarily on the Sub-Adviser having an investment strategy or model(s) that we do not offer directly through ClearStone Capital Management. A complete description of the third-party investment advisor’s services acting as Sub-Adviser, fee schedules and account minimums are disclosed in the third-party investment advisor’s Form ADV Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and account is established with the Sub-Adviser (if hired on a non-discretionary basis) or when we add or remove a Sub-Adviser from your account (if selected on a discretionary basis).

We are always available to answer questions you may have regarding the portion of your account managed by the Sub-Adviser and act as the communication conduit between you and the Sub-Adviser. Sub-Advisers will take discretionary authority to determine the securities to be purchased and sold for your accounts managed by the Sub-Adviser. We will **not** utilize trading authority with respect to your Account(s) and/or assets managed by a Sub-Adviser.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client’s benefit.

*Administrative Services Provided by Orion Advisor Services, LLC*

ClearStone Capital Management has contracted with Orion Advisor Services, LLC (referred to as “Orion”) to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, client database maintenance, quarterly performance evaluations, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Orion will have access to client accounts, but Orion will not serve as an investment advisor to ClearStone Capital Management clients.

**Investment Consulting Services** – We may provide investment consultations on accounts not managed or maintained by us. Only accounts in which we are not “Investment Advisor” of record on the account

are eligible for this service. Accounts are reviewed based upon your specific needs and desires for future financial goals and/or objectives. General or specific recommendations are provided to the client by ClearStone Capital Management. The service provides access to your advisory team for consultations on an as needed basis initiated by the client. We will review your financial profile at least annually. This service does not provide daily or ongoing monitoring and/or proactive management.

Through this service, we will not have any authority or responsibility to implement our recommendations. All final decisions to accept our advice and implement our advice are the responsibility of the client. **If you have accounts reviewed by our firm and are unable to implement our investment recommendations, it is important to notify us so that we can properly adjust future recommendations.**

Clients are always responsible for notifying ClearStone Capital Management of any changes to their financial situation or investment objectives. We will meet with the client as often as needed to determine the client's financial situation and investment objectives and to find out if the client would like to impose and/or modify any reasonable restrictions on their accounts.

It is important that you understand that ClearStone Capital Management provides investment advice to other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you. We are not obligated in any way to recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

There can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

**Financial Planning Services** - ClearStone Capital Management offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. We provide full written financial plans, which typically address the following topics:

- Investment Planning
- Retirement Planning
- Education Planning
- Portfolio Reviews
- Asset Allocation
- Net Worth Statement and Analysis

When providing financial planning services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives. We also provide modular written financial plans which only cover those specific areas of concern mutually agreed upon by you and us. A modular written financial plan is limited or segmented and does not involve the creation of a full written financial plan. You should be aware that there are important issues that may not be taken into consideration when your investment adviser representative develops his or her analysis and recommendations under a modular written financial plan.

Our financial planning services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole

responsibility for determining whether to implement our financial planning recommendations. To the extent that you would like to implement any of our investment recommendations through ClearStone Capital Management or retain ClearStone Capital Management to actively monitor and manage your investments, you must execute a separate written agreement with ClearStone Capital Management for our asset management services.

### **Limits Advice to Certain Types of Investments**

ClearStone Capital Management provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Municipal Securities
- US Government Securities
- Options Contracts on Securities
- Options Contracts on Commodities
- American Depositary Receipts (ADRs)

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Tailor Advisory Services to Individual Needs of Clients**

ClearStone Capital Management's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. Our financial planning services are always provided based on your individual needs. When providing financial planning services, we work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Client Assets Managed by ClearStone Capital Management**

The amount of clients assets managed by ClearStone Capital Management totaled \$160,155,167 as of December 31, 2015. \$75,146,270 is managed on a discretionary basis and \$85,008,897 is managed on a non-discretionary basis.

## Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and ClearStone Capital Management.

### **Asset Management Services**

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the current billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period will be billed in arrears at the end of that billing period.

The asset management services continue until terminated by either party (i.e. ClearStone Capital Management or you) by giving thirty (30) days written notice to the other party. When fees are billed in arrears, ClearStone Capital Management will prorate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment.

The following is our standard fee schedule for assets under management and is provided for illustrative purposes. We generally do not charge fees greater than the maximums listed below, but fees charged for our asset management services are negotiable based on the investment adviser representative providing the services, the type of client, the complexity of the client's situation, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

<u>Assets under Management</u>	<u>Annual Fees</u>
\$0 – \$1,000,000	1.00%
\$1,000,001 – \$3,000,000	0.95%
\$3,000,001 – \$5,000,000	0.85%
\$5,000,001 – \$10,000,000	0.75%
\$10,000,001 and Above	0.65%

There is a minimum account size of \$250,000.

ClearStone Capital Management believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

You can choose how to pay your investment advisory fees. The investment advisory fees can be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account or you can pay our firm upon receipt of a billing notice sent directly to you.



If you choose to have the investment advisory fees deducted from your account, you must authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to ClearStone Capital Management.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

If you choose to pay the fees after receiving a statement, fees are due upon your receipt of a billing notice sent directly to you. The billing notice will detail the formula used to calculate the fee, the assets under management and the time period covered. Fees for the services of our firm will be due immediately after your receipt of the billing notice.

If you have a portion of your assets managed by a Sub-Adviser, the total advisory fee (ClearStone Capital Management's fee plus the Sub-Adviser(s)'s fees) shall generally not exceed 1.75% of the client's total assets on an annual basis. However, Sub-Adviser fees are always charged separately from ClearStone Capital Management's fee and are therefore in addition to the fees we charge which are detailed in the above fee schedule. Sub-Advisers are also responsible for calculating and collecting their fees directly from clients. ClearStone Capital Management is not responsible for the collection of Sub-Adviser fees. The exact fee charged by a Sub-Adviser will be in accordance with the Sub-Adviser's current fee policies and arrangements. Clients need to refer to the Sub-Adviser's Form ADV Disclosure Brochure for full details. Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. ClearStone Capital Management does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than ClearStone Capital Management in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by ClearStone Capital Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

### **Investment Consulting Services**

Fees charged for our investment consulting services are charged based on a percentage of assets under review, billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the current billing period. Fees are due upon receipt of a billing invoice from our firm.

Fees are prorated (based on the number of days service is provided during the initial billing period) for services commencing at any time other than the beginning of the billing period. If services begin in the middle of the billing period, then the prorated fee for that billing period will be billed in arrears at the end of that billing period.

The investment consulting services continue until terminated by either party (i.e., ClearStone Capital Management or you) by giving thirty (30) days written notice to the other party. When fees are billed in arrears, ClearStone Capital Management will prorate the final fee payment based on the number of days services are provided during the final period. The amount of client assets on the termination date will be used to determine the final fee payment.

The following is our standard fee schedule for consulting services and is provided for illustrative purposes. We generally do not charge fees greater than the maximums listed below, but fees are negotiable based on the investment adviser representative providing the services, the type of client, the complexity of the client's situation, the relationship of the client with the investment adviser representative, and the total amount of assets under review for the client.

<u>Assets under Review</u>	<u>Annual Fees</u>
\$0 - \$3,000,000	0.35%
\$3,000,001 - \$5,000,000	0.30%
\$5,000,001 - \$8,000,000	0.25%
\$8,000,001 and Above	0.20%

There is a minimum account size of \$250,000.

ClearStone Capital Management believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

Clients are free to implement any or all of the recommendations made by ClearStone Capital Management with another financial institution, and are not obligated in any manner to implement the advice of ClearStone Capital Management through the firm.

When implementing ClearStone Capital Management's recommendations or any other investment recommendation, clients need to be aware that standard commissions, custodial fees, and transaction fees may be charged to the client. Clients may incur certain charges imposed by third parties, other than the firm, in connection with investments made through an investment account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, IRA and qualified retirement plan fees.

### **Financial Planning Services**

Fees charged for our financial planning services are negotiable based upon the type of client, the investment adviser representative providing advice, the complexity of the client's situation and the relationship of the client and the investment adviser representative. The following are the fee arrangements available for financial planning services offered by ClearStone Capital Management.

ClearStone Capital Management provides financial planning services under an hourly fee arrangement. An hourly fee of \$200 per hour is charged by ClearStone Capital Management for financial planning services under this arrangement. Before commencing financial planning services, ClearStone Capital Management provides an estimate of the approximate hours needed to complete the requested financial planning services. If ClearStone Capital Management anticipates exceeding the estimated amount of hours required, ClearStone Capital Management will contact you to receive authorization to provide additional services. Financial planning fees are due immediately upon completion and delivery of the financial plan.

ClearStone Capital Management also provides financial planning services under a fixed fee arrangement. A mutually agreed upon fixed fee is charged for financial planning services under this arrangement. There is a range in the amount of the fixed fee charged by ClearStone Capital Management for financial

planning services. The minimum fixed fee is generally \$1,500, and the maximum fixed fee is generally no more than \$10,000. The amount of the fixed fee for your engagement is specified in your financial planning agreement with ClearStone Capital Management. Financial planning fees are due immediately upon completion and delivery of the financial plan.

The fees for the financial planning services may be waived by ClearStone Capital Management at our sole discretion. For example, to the extent ClearStone Capital Management provides you with general investment recommendations as part of the financial planning services and you implement such investment recommendations through ClearStone Capital Management, we may offer in our agreement with you to waive or reduce the fees for financial planning services.

The financial planning services terminate upon delivery of the written financial plan or upon either party providing the other party with written notice of termination.

If you terminate the financial planning services after entering into an agreement with us, you will be responsible for immediate payment of any financial planning services performed by ClearStone Capital Management prior to the receipt by ClearStone Capital Management of your notice of termination. For financial planning services performed by ClearStone Capital Management under an hourly arrangement, you will pay ClearStone Capital Management for any hourly fees incurred at the rates described above. For financial planning services performed by ClearStone Capital Management under a fixed fee arrangement, you will pay for the hours worked by ClearStone Capital Management multiplied by the hourly rate of \$200.

You may pay the investment advisory fees owed for the financial planning services by submitting payment directly (for example, by check) or having the fee deducted from an existing investment account.

If you elect to pay by automatic deduction from an existing investment account, you will provide written authorization to ClearStone Capital Management for such charge.

You should notify ClearStone Capital Management within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

To the extent ClearStone Capital Management engages or recommends an outside professional (i.e. attorney, independent investment adviser or accountant) while providing financial planning services to you, you will be responsible for the payment of the fees for the services of such an outside professional, and ClearStone Capital Management will not be required to reimburse you for such payments. Fees for the services of an outside professional (i.e. attorney, independent investment adviser or accountant) will be in addition to and separate from the fees charged by ClearStone Capital Management, and you will be responsible for the payment of the fees for the services of such an outside professional. In no event will the services of an outside professional be engaged without your express approval.

All fees paid to ClearStone Capital Management for financial planning services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment adviser to implement such recommendations.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

## **Item 7 – Types of Clients**

ClearStone Capital Management generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Trusts, estates, or charitable organizations
- Corporations and small businesses

You are required to execute a written agreement with ClearStone Capital Management specifying the particular advisory services in order to establish a client arrangement with ClearStone Capital Management.

### **Minimum Investment Amounts Required**

ClearStone Capital Management requires a minimum of \$250,000 in order to open an account. To reach this account minimum, clients can aggregate all household accounts. Exceptions may be granted to this minimum for anticipation of moving additional assets to ClearStone Capital Management, the client's relationship with firm personnel, and other factors determined by the firm.

The minimum fee generally charged for financial planning services provided on an hourly basis is \$200. The minimum fixed fee generally charged for financial planning services on a fixed fee basis is \$1,500.

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

### **Methods of Analysis**

ClearStone Capital Management uses the following methods of analysis in formulating investment advice:

- **Fundamental** – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.
- **Qualitative** – Analysis method that uses subjective judgment based on non-quantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. This type of analysis technique is different than quantitative analysis, which focuses on numbers.

- Technical – This 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. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.
- Quantitative – A Technical analysis method that uses objective data based on quantifiable information such as earnings per share for a company or specific interest rates. This method usually employs statistical analysis to these micro and/or macroeconomic data sets in an effort to estimate the probability of a particular outcome given the data being presented.

The risk associated with fundamental and qualitative analysis is that they are somewhat subjective. While a quantitative approach is more objective, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

While technical analysis is not one of our main strategies we may utilize this method from time to time in order to refine our investment and portfolio decisions. Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future-trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

### **Investment Strategies**

ClearStone Capital Management uses the following investment strategies when managing client assets and/or providing investment advice:

- Long term purchases. Investments held at least a year.
- Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from ClearStone Capital Management.

- Option writing including cover options, uncovered options or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.
- Tactical asset allocation. Allows for a range of percentages in each asset class (such as Stocks = 40-50%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.
- Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company’s employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and ClearStone Capital Management and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide you advance written notice.

- You are not entitled to an extension of time on a margin call.

### **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

ClearStone Capital Management is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

ClearStone Capital Management is an independent registered investment registered adviser and only provides investment advisory services. The firm is not engaged in any other business activities and offers no other services except those described in this Disclosure Brochure.

#### **Third – Party Investment Advisor Arrangements**

As described in Item 4 – Advisory Business and Item 5 – Fees and Compensation, we recommend independent, third-party investment advisors to serve as Sub-Advisors in our Asset Management services program.

Unlike other investment advisors, we do not receive a referral fee or solicitor fee from third-party money managers we recommend from clients. The only compensation we receive is the management fee we charge directly to our clients. Sub-Advisors will also bill clients directly, but our fees are completely separate from the fee charged by Sub-Advisors (please refer to Item 5 for more details). This policy helps us avoid selecting money managers based on our economic interests. Instead, we select money managers we believe are most appropriate for our clients absent additional economic benefits we could receive from a money manager.

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

#### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. ClearStone Capital Management has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. ClearStone Capital Management requires its supervised persons to consistently act in your best interest in all advisory activities. ClearStone Capital Management imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.



This section is intended to provide a summary description of the Code of Ethics of ClearStone Capital Management. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

ClearStone Capital Management or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of ClearStone Capital Management that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. ClearStone Capital Management and its supervised persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, supervised persons):

- Supervised persons cannot prefer their own interests to that of the client.
- Supervised persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Supervised persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Supervised persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Supervised persons are discouraged from conducting frequent personal trading.
- Supervised persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of ClearStone Capital Management.

Any supervised person not observing our policies is subject to sanctions up to and including termination.

### **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning or investment consulting recommendations of ClearStone Capital Management. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility

- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered. We don't receive client referrals from any broker/dealer.

At least annually, we will review alternative custodians in the marketplace for comparison to the currently used custodian, evaluating criteria such as overall expertise, cost competitiveness, and financial condition. Quality of execution for custodians will be reviewed through trade journal evaluations.

The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer and money manager suggested by ClearStone Capital Management must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

#### **Brokerage Recommendation - TD Ameritrade**

We recommend the use of TD Ameritrade, Inc. ("TD Ameritrade") as a result of our participation in the TD Ameritrade Institutional Platform which is a division of TD Ameritrade. TD Ameritrade is an SEC registered broker/dealer member FINRA/SIPC.

TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. TD Ameritrade is not affiliated with ClearStone Capital Management.

There is no direct link between TD Ameritrade and the investment advice ClearStone Capital Management provides to its clients, although ClearStone Capital Management receives economic benefits through its participation in the program. These benefits include receipt of duplicate client confirmations; access to a trading desk serving ClearStone Capital Management and other Independent Advisor Platform participants; 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, technology, and practice management products or services provided to ClearStone Capital Management by third party vendors.

TD Ameritrade will purchase or make available computer software, applications, programs and related business services received by ClearStone Capital Management and our supervised persons. Services made available by TD Ameritrade are intended to help us manage and further develop our business. These products or services may assist us in managing and administering client accounts. For example, TD Ameritrade has agreed to pay the Orion Advisor Services per account fee for the first twelve month for accounts held by TD Ameritrade. They have also agreed to pay the service fee for our client relationship management software platform.

Some of the products and services made available by TD Ameritrade may benefit ClearStone Capital Management but may not benefit all or some of our client accounts. The benefits received by ClearStone Capital Management or its personnel do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary responsibility to clients, we strive at all times to put the client's

interests ahead of our own. Clients should be aware, however, that the receipt of economic benefits by ClearStone Capital Management or our supervised 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.

We also receive from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to other independent investment advisors participating in the TD Ameritrade institutional program. Specifically, the Additional Services include Redtail, which is a web-based client management system used by investment professionals.

TD Ameritrade provides the Additional Services to ClearStone Capital Management in its sole discretion and at its own expense, and ClearStone Capital Management does not pay any fees to TD Ameritrade for the Additional Services. ClearStone Capital Management and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

ClearStone Capital Management's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to ClearStone Capital Management, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, ClearStone Capital Management's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with ClearStone Capital Management, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, ClearStone Capital Management has an incentive to recommend to our clients that the assets under our management be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. ClearStone Capital Management's receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

### **Directed Brokerage**

Clients are allowed to select the broker-dealer that will be used for their accounts. Clients directing the use of a particular broker/dealer or other custodian must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. Directed brokerage account trades are generally placed by ClearStone Capital Management after effecting trades for other clients of ClearStone Capital Management. In the event that a client directs ClearStone Capital Management to use a particular broker or dealer, ClearStone Capital Management may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct ClearStone Capital Management to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer.

### **Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when ClearStone Capital Management believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more

equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

ClearStone Capital Management uses the average price allocation method for transaction allocation.

Under this procedure ClearStone Capital Management will calculate the average price and transaction charges for each transaction included in a block order and assign the average price and transaction charge to each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which ClearStone Capital Management or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

### **Item 13 – Review of Accounts**

#### **Account Reviews and Reviewers**

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request and/or ClearStone's recommendation. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by the client's investment adviser representative, with reviews performed in accordance with your investment goals and objectives.

Our financial planning services terminate upon the presentation of the written plan. Our financial planning services do not include monitoring the investments of your account(s), and therefore, there is no ongoing review of your account(s) under such services.

#### **Statements and Reports**

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian. Additionally, ClearStone Capital Management may provide position or performance reports to you quarterly and upon request.

Financial planning clients do not receive any report other than the written plan originally contracted for and provided by ClearStone Capital Management.

You are encouraged to always compare any reports or statements provided by us, a sub-adviser or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

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

ClearStone Capital Management does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. ClearStone Capital Management receives no other forms of compensation in connection with providing investment advice. However, we receive certain benefits, services and products from broker/dealers with which we have arrangements. Please refer to *Item 12 – Brokerage Practices* for details.

## Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

ClearStone Capital Management is deemed to have custody of client funds and securities whenever ClearStone Capital Management is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody ClearStone Capital Management will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which ClearStone Capital Management is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from ClearStone Capital Management. When clients have questions about their account statements, they should contact ClearStone Capital Management or the qualified custodian preparing the statement.

## Item 16 – Investment Discretion

When providing asset management services, ClearStone Capital Management maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted in your investment management agreement with our firm, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. However, it is the policy of ClearStone Capital Management to consult with you prior to making significant changes in the account even when discretionary trading authority is granted.

If you decide to grant trading authorization on a **non-discretionary** basis in your investment management agreement with our firm, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

Our authority to select Sub-Advisers on either a **discretionary** or **non-discretionary** basis will be granted in your investment management agreement with our firm. If we have discretion to select the Sub-Adviser,

this means we can “hire-and-fire” the Sub-Advisers without first consulting with you. If we have non-discretionary authority to recommend Sub-Advisers, this means you will be required to sign additional paperwork (e.g. the Sub-Adviser’s client agreement) required to add or remove a Sub-Adviser from your account.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to ClearStone Capital Management so long as the limitations are specifically set forth or included as an attachment to the client agreement.

### **Item 17 – Voting Client Securities**

ClearStone Capital Management does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us. However, you will have the ultimate responsibility for making all proxy-voting decisions.

With respect to any of your assets managed by Sub-Advisers we do not perform proxy-voting services on your behalf. You will need to refer to each Sub-Adviser’s disclosure brochure to determine whether the Sub-Adviser will vote proxies on your behalf. You may request a complete copy of the Sub-Adviser’s proxy voting policies and procedures as well as information on how your proxies were voted by contacting our firm at the address or phone number indicated on Page 1 of this brochure.

### **Item 18 – Financial Information**

This *Item 18* is not applicable to this brochure. ClearStone Capital Management does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, ClearStone Capital Management has not been the subject of a bankruptcy petition at any time.

### **Customer Privacy Policy Notice**

**Commitment to Your Private Information:** ClearStone Capital Management, LLC has a policy of protecting the confidentiality and security of information we collect about our clients. We do not, and will not, share non-public personal information (“Information”) about you with outside third parties without your consent, except for the specific purposes described below. This notice has been provided to you to describe the Information we may gather and the situations under which we may need to share it.

**Why We Collect and How We Use Information.** We limit the collection and use of Information within our firm to only those individuals associated or employed with us that must have Information to provide financial services to you. Such services include maintaining your accounts, processing transaction requests, and providing the advisory services described in our Form ADV.

**How We Gather Information.** We get most Information directly from you when you provide us with information from any of the following sources:

- Applications or forms (for example: name, address, social security number, birth date, assets, income, financial history)
- Transactional activity in your account (for example: trading history and account balances)
- Information services and consumer reporting sources (for example: to verify your identity or to assess your credit history)
- Other sources with your consent (for example: your insurance professional, attorney or accountant)

**How We Protect Information.** Our employees and affiliated persons are required to protect the confidentiality of Information and to comply with our stated policies. They may access Information only when there is an acceptable reason to do so, such as to service your account or provide you with financial services. Employees who violate our Privacy Policy are subject to disciplinary action, up to and including termination from employment with us. We also maintain physical, electronic and procedural safeguards to protect Information, which comply with applicable SEC, state, and federal laws.

**Sharing Information with Other Companies Permitted Under Law.** We do not disclose Information obtained in the course of our practice except as required or permitted under law. Permitted disclosures include, for instance, providing Information to unrelated third parties who need to know such Information in order to assist us with the provision of services to you. Unrelated third parties may include broker/dealers, mutual fund companies, insurance companies, and the custodian with which your assets are held. In such situations, we stress the confidential nature of Information being shared.

**Former Customers.** Even if we cease to provide you with financial products or services, our Privacy Policy will continue to apply to you and we will continue to treat your non-public information with strict confidentiality.

4831-1236-5599, v. 20