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**FORM ADV PART 2 APPENDIX 1 WRAP
FEE PROGRAM BROCHURE**

This wrap fee program brochure provides information about the qualifications and business practices of Fieldpoint Private Securities, LLC. If you have any questions about the contents of this brochure, please contact us at 203-255-3838. 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 Fieldpoint Private Securities, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Fieldpoint Private Securities, LLC is 18975.

Fieldpoint Private Securities, LLC is an SEC Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Summary of Material Changes

Form ADV Part 2A, Appendix 1, Item 2

On August 1, 2013, the Securities and Exchange Commission (SEC) notified Fieldpoint Private Securities, LLC, that its application for SEC Registered Investment Advisor status was granted. As a result, the conversion of Fieldpoint Private Securities, LLC, from state to SEC investment advisor registration became effective as of that date.

A copy of this Brochure may be downloaded from the Securities and Exchange Commission website, www.sec.gov.

This Wrap Fee Program Brochure, as well as our Firm Brochure, may be requested by contacting Hans Kummerfeld, CCO at 203- 682-6553 or hkummerfeld@fieldpointprivate.com.

Additional information about Fieldpoint Private Securities, LLC is available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Fieldpoint Private Securities, LLC who are registered, or are required to be registered, as investment adviser representatives of Fieldpoint Private Securities, LLC.

Services, Fees and Compensation

Form ADV Part 2A, Appendix 1, Item 4

Fieldpoint Private Securities, LLC ("FPS"), operating in concert with Fieldpoint Private Bank & Trust ("FPBT"), FPS' parent, provides certain investment advisory services that are offered through a managed account or wrap platform. FPBT's investment process, strategies and capabilities are combined with FPS' brokerage and operational services to deliver a total investment solution to clients under a wrap fee arrangement.

The services described below are provided by FPS in combination with Pershing LLC and its affiliate(s) ("Pershing"), as well as other broker/dealers as we may select from time to time with equal qualifications and capabilities to perform similar function(s). FPS and Pershing are SEC registered broker/dealers and are members of the Financial Industry Regulatory Authority ("FINRA"), the Securities Investor Protection Corporation ("SIPC"). Pershing is also a member of the New York Stock Exchange and provides clearing and custody services.

We provide, either directly or through Pershing, the following managed account services to our clients:

- Reviewing your investment objectives and goals as identified by you and your adviser.
- Creating asset allocation strategies in accordance with your investment objectives.
- Identifying investment strategies.
- Suggesting specific investment allocations appropriate for style and other factors.
- Due diligence screening of investment advisers and other investment vehicles appropriate for the FPS platform.
- Admitting investment advisors/vehicles to, and deleting investment advisors/vehicles, from the FPS platform.
- Reporting and reviewing the performance of certain investment advisers and investment vehicles on the platform.
- Reporting progress toward your investment goals.
- Suggesting certain periodic rebalancing and investment plan adjustments.
- Providing access to clearing, custody, and other brokerage services through Pershing (or any other equally qualified broker/dealer approved by FPS).
- Providing securities transaction execution through Pershing, introduced by FPS.
- Providing statements and confirmations of all transactions through Pershing.
- Providing account statements of activity executed through Pershing.
- Acting as an investment adviser for certain discretionary managed products described below.
- Maintaining information about portfolio managers' investment styles.

- Providing fee payments to portfolio managers.
- Providing access to daily and quarterly investment performance reports online.

FPS provides access to separately managed accounts (“SMAs”) and other products offered by third-party money managers, such as limited partnerships and mutual funds, with such outside money manager being responsible for carrying out the day-to-day investment decisions on a discretionary basis. We also offer a non-discretionary advisory option for investors who prefer to maintain the authority to make investment decisions themselves.

In the wrap fee program, investment advisory services are provided to you by selecting one or more investment advisory firms or vehicles (known as “Portfolio Manager,” or “Manager”) that have been approved for the FPS platform and that is/are suitable for you, based on certain pre-established criteria designed to meet your financial goals. An FPS employee will assist you in completing all the appropriate documentation, such as a client profile to establish your risk tolerance threshold. FPS reviews your investment and financial objectives as well as suitability of the style and Manager selected to manage your account. FPS then opens a brokerage account for purposes of providing securities transaction execution and custody through a FINRA member broker/dealer, such as Pershing, as well as performance reporting and one or more of the other services described above.

The third party Portfolio Managers will typically manage your account on a discretionary basis, unless you choose a non-discretionary approach. (Note that where you are referred to a third party manager who exercises discretion, your relationship with FPS is itself considered non-discretionary.) In a discretionary relationship, you authorize the portfolio manager to make all investment decisions for your account, without the need to obtain your prior instructions or approval for each transaction. In a non-discretionary relationship, you retain control over the security selection process.

The wrap fee program is available for a fee that is based on a percentage of the total assets under management in your FPS relationship (“Asset- Based Fee”). This is designed to cover payment for the all services described throughout this brochure for one fee, including investment advice, transaction execution, clearing and custody.

The standard Asset-Based Fee for provision of these services is 2.50%. This fee is negotiable, depending on the services provided. The compensation paid to third-party managers represents a percentage of the 2.50% Asset Based Fee, and customarily ranges from .15% - 1.25%. There are circumstances under which we negotiate a lower or higher payout rate than the .15% - 1.25%. However, clients will never pay more than a 2.50% Asset-Based Fee.

All wrap fee accounts are billed quarterly in advance. Accounts that are terminated under normal circumstances receive a pro-rata reimbursement of all unearned fees, representing the first day subsequent to termination to the date of the next fee calculation.

Cost of Services When Provided Separately

Instead of paying the single fee under FPS' wrap fee program, you could purchase these services separately, paying a fee for each service purchased. To this end, the bundled services provided under the wrap fee program may cost you more or less than if you purchased these services separately. It is important to understand how you would be charged, and what the costs do and do not include.

Additional Fees That May be Incurred

While the Asset-Based Fee described above represents the only fee you pay to FPS, you may pay certain other fees and ancillary costs. Such fees might include charges to your account by the custodian to settle each transaction, overdraft charges, or charges for filing and pursuing a class action claim relating to one of your portfolio holdings. Also, mutual funds, ETFs and alternative funds, such as hedge funds, have their own operating costs that are charged to each underlying investor on a pro-rata basis. Among the operating expenses is another layer of Asset Based Fees that the manager charges the investment vehicle, which is filtered through to all investors. Many mutual funds charge a 12b-1 fee based on a percent of your assets, which is used to defray marketing and other distribution expenses of the adviser and/or distributor on behalf of the mutual fund. Alternative funds, *e.g.*, hedge funds, private capital funds, venture capital funds, etc., charge, in addition to a management fee, an incentive fee that is based on performance. This incentive fee can be 10% to 20%, and in some instances higher, of the profits of the fund.

FPS does not receive, participate in the collection of, or otherwise benefit from any of the fees mentioned above, other than our 2.50% Asset-Based fee described above.

Compensation to Individuals Recommending the FPS Wrap Fee Program

Although the individual recommending the FPS wrap fee program to the client receives compensation as a result of the client's participation in the program, we believe there is no conflict of interest because the compensation paid is not more than what the individual recommending the program would receive if the client participated in any other FPS program, or if the client paid separately for the advice, brokerage, and other services described herein. The advisory program described in this Brochure is the only such program sponsored by FPS.

FPS provides discretionary and non-discretionary investment advisory services to its clients who establish an FPS advisory account originated by our parent, FPBT. Client accounts may also be established directly with FPS that are not originated through FPBT. In either situation, the individual managing the client's account may also be a registered representative of FPS.

Investment Policy Statement

For each wrap fee account established at FPS, an Investment Policy Statement ("IPS"), designed to reflect the individual investment objectives and financial goals of the client, is created. We then manage each individual client portfolio in accordance with the IPS by selecting one or more of the

FPS-approved Managers. (FPS also offers direct account management by selecting individual securities, such as equity, fixed income, mutual funds, ETFs and alternative investments, such as hedge funds, private capital funds, etc.) The third party managers on FPBT's platform may invest in all types of securities, such as equities, fixed income, derivatives, mutual funds, ETFs and alternatives funds and other securities, as appropriate for the client.

Clients may request reasonable restrictions on the securities that may be held in their portfolios, and may also request that certain securities be included in their portfolios. Requested restrictions will be accepted, provided that, in our opinion, such restrictions are reasonable and would not unduly interfere with the provision of investment advisory services necessary to facilitate achievement of the client's goals. Third party managers will also be consulted about their agreement/ability to accept requested restrictions. If it is determined that any requested restriction cannot be accepted, the client will be so notified.

Our advisory services include all the other services described above, such as execution of securities transactions through an unaffiliated broker and custody of client assets with unaffiliated qualified custodians, as defined in SEC Rule 206(4)-2 under the Investment Advisers Act of 1940, etc.

Account Requirements and Types of Clients

Form ADV Part 2A, Appendix 1, Item 5

FPS' wrap fee program is available to FPS' Representatives, who in turn manage their clients' portfolios in accordance with the mandates and other requirements under the program, as described in this Brochure.

FPS provides investment advisory services mainly to individuals, trusts, foundations, tax-qualified retirement plans, corporations and partnerships.

Minimum Account Size

For initial acceptance into the wrap fee program, the minimum account size is \$100,000. If an account balance declines to \$75,000 at the end of a calendar quarter, whether due to withdrawals or a decline in market value or a combination of these factors, funds or assets must be added to the account to bring it up to the \$100,000 minimum, or FPS may require termination of the wrap account. We may determine, in our sole and absolute discretion, not to enforce this requirement at a quarter-end for a given account. Even if we determine not to enforce this requirement at a particular time for a particular account(s), we may ultimately decide to enforce the requirement at other times for that account(s), and for other accounts at all times.

Unaffiliated Investment Advisers and Independent Advisers

The minimum account size accepted by some of the third party managers on the FPS platform may be higher than FPS'. In such circumstances, the third party manager's minimum amount will be required in order to establish and maintain the wrap account, rather than FPS'.

Portfolio Manager Selection and Evaluation

Form ADV Part 2A, Appendix 1, Item 6

FPBT's manager selection and evaluation process applies to the third party managers used in connection with FPS' wrap fee program. FPBT's manager selection framework includes five core elements:

Matching Asset Allocation Sleeves: The FPBT Director of Research works closely with the CIO to identify core and satellite (i.e., opportunistic) sleeves to be matched with the FPBT asset allocation models.

- **Sourcing New Managers:** FPBT sources new managers through (i) referrals and (ii) proactive screening and recommendations. Priority is given to managers that may fit openings in the asset allocation models
- **Manager investment due diligence:** ensures new or existing managers meet FPBT's high qualitative and quantitative standards
- **Manager operations due diligence:** ensures manager internal controls and safeguards meet FPBT's standards
- **Monitoring:** ongoing assessment of manager performance and consistency with stated strategy

In choosing one or more third-party managers for a client's portfolio, FPBT uses an in-depth vetting process and consistent criteria to help us decide when to hire or replace a money manager.

This due diligence process allows FPBT to identify money managers whose unique style, perspective and track record represent an appropriate fit for clients' capital. In choosing any manager, the overarching goal is finding attractive investment opportunities and strategies consistent with clients' need for capital preservation, growth and liquidity.

To maintain objectivity, FPBT does not accept platform fees, marketing allowances or any other form of compensation from outside investment managers wishing to gain access to FPBT's investment platform and clients.

What makes a manager right for FPBT?

The ultimate goal of the FPBT due diligence process is to identify investment talent that has a sustainable, repeatable process. Consideration is given to the combination of the manager's investing acumen, idea generation, portfolio management, organizational design, and/or trading skill.

In seeking out the best investment opportunities for clients' capital, FPBT looks for managers whose fresh ideas and thinking have not yet been discovered by most investors—and who stand out in terms of people, process and performance. FPBT is fully committed to evolving and refining the portfolio manager base to keep pace with changing times and markets, and clients' needs.

Money managers employ literally dozens of strategies, separately or in conjunction, in the pursuit of strong returns. FPBT looks beyond strategies and metrics and evaluates the people, processes and philosophy to determine whether past success is likely to be repeated in the future. This qualitative

and quantitative analysis focuses on several dimensions of manager performance:

- **Character.** FPBT is continually assesses the performance of a wide range of funds and their managers, and thereby becomes very knowledgeable about the top performers. Hours are spent getting to know each prospective addition to the manager network. They share their background, goals for their strategy, team dynamics, selection methods, and much more. Only managers believed to be responsible and reputable financial stewards are accepted.
- **Talent and experience.** The candidate's experience is carefully reviewed, as well as their approach to and handling of risk.
- **Commitment and focus.** How much of the manager's own capital is invested the fund is another significant factor. A personal commitment to the investment strategy can reveal how likely the manager is to focus on risk management rather than building an ever larger asset base for fees.
- **Infrastructure.** FPBT's analysis also looks at the manager's internal controls and safeguards. At a minimum, these controls should include the presence of a chief financial officer, compliance officer and operating officer.

Proactive Screening and Research for Proposed Managers

In selecting the right investment managers to which clients may be referred, FPBT utilizes the services of Mercer Investment Consulting, a leader in the field of investment manager due diligence. Mercer's operational due diligence capability factors greatly throughout each phase of the FPBT manager vetting process.

In determining which investment managers to take through the due diligence process, numerous factors are considered, including assets under management, historical performance data, benchmarked returns, fees, strategy correlation, volatility and more. If the minimum standards applied to these initial criteria are met, a second level of scrutiny, including a series of meetings with the manager takes place, so as to gain an understanding of their investment process and objectives, staffing, client service, and investor base.

Operational Due Diligence

The next level of due diligence includes onsite visits, to see the managers and their teams in action. Several factors influence the assessment of whether a manager's past success can be expected to be repeated or improved going forward. Was performance based on skill or fortunate market conditions? Have they performed well in both strong and weak markets? How have they managed downside volatility? Risk management is a particular concern in order to gain confidence that stewards of clients' capital will reasonably protect assets during market stress as well as grow them in upward markets.

During this stage of the process, Mercer conducts an extensive back-office audit, focusing on, among other things, data security, qualifications of operations personnel and independent service providers, compliance policies, personal trading restrictions, internal controls, potential conflicts, etc. Reference checks are also conducted.

Upon successful completion of the operational review, the prospective manager is presented to FPBT's Investment Committee for approval. Once approved by the Investment Committee, the manager is added to FPBT's platform and available for capital allocation by advisors on behalf of their clients.

Monitoring the Managers

Once investment managers have been approved, FPBT, in conjunction with Mercer, conducts ongoing assessments of the managers' performance, strategy and investment characteristics. Among the items monitored are factors that might call for adjustments in allocation or other areas, changes in personnel, market behavior, leverage, liquidity, private investments, expenses, capital and many other factors. The due diligence team also has periodic calls with managers, and analyze all of the funds' reports and data. Depending on the results of this monitoring process, decisions are sometimes made to replace managers on the FPBT platform.

Performance-Based Fees and Side-By-Side Management

FPS does not, nor do any of our supervised persons, charge performance-based fees.

Methods of Analysis, Investment Strategies and Risk of Loss

The FPBT investment framework applies to advisory accounts established at FPS. This framework **has four core elements:**

- Planning: The investment team, working in collaboration with the Advisor team, will spend the time necessary with clients to correctly identify and specify their return objectives, constraints and preferences. This phase is also used for the investment and Advisor teams to create well-articulated Investment Policy Statements (IPS)
- Research: Integrating macro research and insights (economic, global capital markets, asset class) with systematic capital market expectations (CME) and high quality fund manager screening and selection
- Asset Allocation: Fieldpoint Private's research insights are fed into a strategic asset allocation framework tailored to the individual Client's objectives per the IPS. Fieldpoint Private also provides tactical asset allocation using an innovative risk-targeting (or risk-parity) approach
- Monitoring/Rebalancing: ensure Client objectives and portfolios remain aligned through rebalancing and systematic performance and risk attribution analysis

Risk of Loss

There is no guarantee that recommended investments or the investment strategies discussed below will be successful. Investing in securities involves the risk of losing money, and clients should be prepared to bear the loss of all or a significant portion their invested money.

Integrating Macro Views

By analyzing macro events, Fieldpoint Private aims to improve risk management and long-term performance of client portfolios. A systematic, research-based approach to analyzing global macroeconomic trend is used. The process includes the study of historical patterns in an attempt to identify trends and capture important signals which may impact interest rates and financial instruments - including stocks, bonds, commodities and currencies – which are typically brought about by shifts in government policy.

Fieldpoint Private's forecasting approach focuses on relative economic strength. This method measures the pace of economic growth relative to a country's history and relative to other countries. Attractive investment opportunities are created by capturing change in the margin of these relative relationships.

Macro views are linked to Fieldpoint Private's asset allocation process by integrating the macro work into the long-term and near-term capital market expectations. This approach helps provide greater confidence in risk-adjusted return assumptions that influence targets and boundaries for the strategic and tactical asset allocation framework.

The macro approach also informs Fieldpoint Private's manager research and selection process. For instance, once asset allocation risk "buckets" are established with inputs from the macro work, the Manager Research team can better align "core" managers consistent with Fieldpoint Private's strategic investment view. Similarly, important tactical signals captured by Fieldpoint Private's research process can direct the Manager Research Team towards more opportunistic or "satellite" managers/funds.

Asset Class Guidelines

Five criteria are considered to help specify asset classes:

- Assets within each asset class should be homogeneous with similar attributes
- Asset classes should not overlap to minimize problems with controlling risk and setting return expectations
- Asset classes should be diversifying with relatively low correlations with other asset classes
- Asset classes should be made up of assets that are widely held around the world as this tends to increase expected returns for a given level of risk
- Asset class should have the capacity to absorb a significant fraction of the investor's portfolio without seriously affecting liquidity.

Cash is intended to serve as the principal source of liquidity for the portfolio. The focus is on safe, highly liquid assets as opposed to generating yield. It will be invested only in the safest assets, including insured bank deposits, Treasury bills, agency notes or very safe money market instruments. There are no manager specific limits or constraints.

Global Equities serve the purpose to provide long-term capital appreciation. The objective in selecting cash equities, ETFs, mutual funds or managers is to generate average annual compounded returns higher than the relevant broad market indices (S&P 500 Russell 1000, MSCI World, etc), net of fees, over full market cycles (7-10 years). These returns are subject to significant variability over short-to-medium time periods.

Income & Yield allocations are to provide current income and diversification to achieve the portfolios risk-adjusted return objectives. As a result, both credit quality and preservation of principal are a core emphasis of this allocation. A current risk for cash and high quality fixed income is the possibility of negative real returns or returns which are less than the rate of inflation.

Alternatives

- *Hedge Fund* allocations may include investments commonly characterized as “absolute return strategies” and long/short “equity hedge” strategies. Absolute return strategies typically involve event-driven, stressed and distressed credit, macro, and spread-based arbitrage investments. Absolute return strategies tend to be both flexible and opportunistic. They incorporate differentiated drivers of return compared to traditional investment strategies and, as a result, they are expected to produce returns which exhibit relatively lower correlation to broad market indices over intermediate time horizons. Equity hedge managers typically make both long and short investments and produce returns that can be expected to correlate more closely with performance of equity markets than would the performance of absolute return strategies, though with lower volatility than traditional long-only equity managers. Investments in alternative assets are generally subject to an initial lock-up of 12 to 24 months or longer and thereafter investors can typically withdraw quarterly or annually with advance notice. Over time, alternative assets should generate returns comparable to long-term equity. The portfolio should be invested with a single alternative investment manager.
- *Private Equity* investments encompass diverse strategies including: buyout, growth, venture capital and control-oriented distressed. These illiquid investments generally have four-to-six year investment periods and approximately 1-year fund lives. Given their illiquidity, private investments are expected to generate higher returns than public market strategies. In general terms, private equity should generate returns of at least 5% points above long-term equity markets. The performance of funds raised and managed by the same team following similar strategies can be very different from one period to the next. Thus, investment in this asset class requires diversification across not only managers, strategies and geographies but also vintage years. No more than 3% of the entire portfolio should be committed to any single private equity fund and no more than 8% of the entire portfolio

value should be committed to any single private equity firm measured at the time of the most recent commitment.

Real Assets investments may include private real estate, energy, timber and commodities. Private real estate is comprised of commercial properties in various operating segments, primarily office, retail hotel, industrial and multifamily. Managers can execute a variety of strategies within these degrees of leverage. Global energy and commodity investment funds commit capital to investments that develop resource opportunities or to companies that provide services to the sector, such as gas processing or contracted drilling. Managers generally seek some balance between income, stability and risk which can drive capital appreciation. In general terms Real Asset allocations seek to deliver long-term results that are a premium to public market returns and also protect long-term purchasing power. No more than 3% of the entire portfolio should be committed to a single real asset fund and no more than 8% of the entire portfolio should be committed to a single real asset firm measured at the time of the most recent commitment.

Opportunistic investment shares characteristics with several classes, but are not an asset class per se. Examples include some credit oriented funds, concentrated public/private strategies or highly opportunistic managers. This investment can be structure with lock ups or as drawdown funds. There is no target allocation for this category of investments but not more than 8% of the entire portfolio should be invested with a single hybrid opportunity.

Capital Market Expectations (CMEs)

Capital market expectations (CME) are an essential input to formulating a strategic asset allocation. CMEs are expectations about long-term and near-term risk adjusted returns at the asset class level as opposed to the individual security for manager level. Insights from Fieldpoint Private's macro research process should help formulate accurate CMEs.

"Good" CMEs require experience and are characterized by (i) unbiased, objective and well-researched views, (ii) efficiency (low forecasting errors), and (iii) consistency across asset classes. CMEs for strategic asset allocation are set using expected returns over a 7-10 year horizon in order to capture full (trough and peaks) economic, business and market cycles.

A multi-step framework is used in setting CMEs:

- Set boundaries to limit scope of analysis to the most pertinent factors impacting the Fieldpoint Private universe of investable assets
- Determine and inventory best sources for data and information needed
- Understand the historical performance, return drivers and correlations of risk assets by asset class and by geography
- Develop and update quantitative models and review output
- Interpret the current investment environment
- Transfer analysis of economic and market environment into forward-looking views

Previously formed expectations are measured against actual results to assess accuracy and consistency.

Fieldpoint Private utilizes and analyzes a broad variety of current and historical data to establish CMEs. Data are categorized by macroeconomic, capital market and asset-class specific.

A variety of statistical methods are available to set CMEs. Fieldpoint Private forecasting techniques are limited to a select set intended to help accomplish the task while providing a relatively diverse perspective.

Fieldpoint Private Asset Allocation

There is a vast body of research supporting the value of asset allocation to overall portfolio returns. Several studies support the theory that most of a portfolio's return is attributed to the asset allocation process, compared to other contributions such as security selection.

Strategic Asset Allocation

Strategic asset allocation fulfills an important role as a discipline for aligning a portfolio's risk profile with the client's long-term investment objectives. Given the close linkages between the client's preferences and the strategic asset allocation, the Fieldpoint Private Process emphasizes the need for Advisors to follow best practices to develop a strong Investment Policy Statement (IPS) to ensure client preferences are accurately expressed through portfolio allocations.

Consistent with Fieldpoint Private's philosophy, the asset allocation design and execution must be objective and without product bias or other conflicts. Fieldpoint Private's CIO is responsible for developing, communicating and periodically updating the model portfolios and their parameters to reflect changes in the global investment environment.

To ensure consistency of approach and clarity to Advisors, Fieldpoint Private has developed a core of four model portfolios designed to meet the investment objectives and preferences most commonly found in Fieldpoint Private's client base. Each model portfolio is characterized along a matrix of risks (broadly defined) and complexity and carries a slightly different return objective, asset class mix, target allocation and risk/concentration guidelines. The Fieldpoint Private model portfolios are not intended to be a perfect match for all clients. The intent is to be directionally correct rather than empirically perfect.

For example, if a client states a preference for a low risk, uncomplicated portfolio then Strategy #1 would likely be chosen as it consists of a more traditional asset allocation utilizing approved cash securities, ETFs and mutual funds to invest in equities and income & yield. This approach aims to replicate the returns in a broad investable index for each asset class.

Strategy #2 also utilizes a simplified asset allocation approach but introduces leverage through the use of index derivatives. While overall portfolio construction remains uncomplicated, the introduction of leverage raises the portfolio's risk profile.

Strategies #3 and #4 may be suitable for clients utilizing more sophisticated strategies that may have a blend of liquid and illiquid positions. Both Strategies #3 and #4 allow for hard-to-value real assets to the portfolio. Strategy #3 differs in that it will allow only liquid alternative assets while

Strategy #4 enables both liquid and illiquid (e.g. private equity) and leverage in the allocation process.

Measuring Risk and Complexity

Investment portfolios are subject to many forms of risk. Volatility, which is often used to define risk, is not necessarily the most important measure in Fieldpoint Private's view. Ultimately, the most critical risks are permanent loss of capital and/or a loss or lack of access to liquidity. These risks are related; however, as portfolio volatility could crystallize mark-to-market losses if asset sales are necessary to fund operations. The various risks are accounted for when constructing the client's IPS.

When determining the appropriate level of risk for a client, factors considered include, but are not limited to, the client's tolerance for holding cash and equivalents and for portfolio complexity, the amount of leverage with which the client is comfortable, possible liquidation thresholds, maximum allocation to a single manager, operational risks of underlying portfolio managers, etc.

Investment portfolios are also subject to varying forms of complexity depending on the Client's preference. Liquidity, transparency and asset valuation requirements impact a portfolio's level of complexity. In Fieldpoint Private's view, the most critical measures of complexity are measuring and managing specific risk factors not easily accessible through traditional equity and bond investments. Investments in low-correlated strategies, including hedge funds, private equity funds, distressed debt and real assets (real estate, commodities, etc.), create increased complexity for the client and the Advisor.

Tactical Asset Allocation

Similar to strategic asset allocation, Fieldpoint Private utilizes a research-based approach for Tactical Asset Allocation (TAA). Unlike strategic asset allocation, which uses 7-10 year capital market expectations (CMEs), TAA uses near-term CMEs (a 6 month horizon for Fieldpoint Private).

Fieldpoint Private's TAA approach is based on the following principles:

- Inadequate expected returns are the largest issue facing investors and result from policies implemented to address the 2008-09 financial crisis
- Incorporating a "Risk Parity"-based tactical overlay can produce superior returns
- Portfolios tend to have an overconcentration of risk allocated to equities
- Interest rate "socialization" means bond volatility likely to exceed historical average
- Portfolio correlations shift over time
- Future expected returns can be derived from current market prices

When considering a TAA overlay, Fieldpoint Private considers the following:

- Economic logic supporting tactical shift
- Risk asset correlations
- Change risk attributes for asset classes
- Increase in tracking risks

- Change in expected risks relative to return expectations
- Cost of tactical adjustment

The Fieldpoint Private process integrates the macro view and research into the TAA decision process.

Risk Parity

A Risk Parity asset allocation methodology aims to produce portfolios where each asset class is managed to provide equal levels of risk (i.e., parity). Whereas traditional asset allocation methods allocate by capital, the Risk Parity method allocates by risk.

Risk Parity aims to allocate funds across a broad range of asset classes, including global equities, fixed income, low-correlation strategies and real assets. The methodology also targets or “budgets” risk for each asset class, segmenting the risk exposures into beta returns and alpha returns.

A core premise behind Risk Parity is that in a traditional portfolio allocation, such as 60/40, equities account for 60% of the capital but approximately 90% of the portfolio’s volatility. This is because corporate balance sheets tend to include some leverage, thus those balance sheets and stocks are subject to increased volatility during upswings and downturns in economic activity.

A Risk Parity approach differs from traditional asset allocation in several ways:

- Risk parity balances risk exposures across asset class. Traditional methods allocate capital across the same
- Risk Parity separates a portfolios beta exposures and alpha exposures
- Risk Parity calibrates beta and alpha exposures to match investor objectives and preferences
- Risk Parity tends to allocate across more asset classes to increase diversification
- Risk Parity utilizes leverage to “lift” lower volatility exposures to match equity exposures, thus dampening equity risk in exchange for moderate leverage risk

Note: A TAA strategy utilizing Risk Parity is not appropriate for Clients where investment policy statements restrict the use of leverage. Such cases should consider more traditional TAA methodologies.

Assuming a target rate of return of 8.25% where the client wants the lowest possible risk, Portfolio “A” is created using Optimal Mean Variance methods and aims to minimize overall risk. This portfolio allocates a disproportionate amount of capital to bonds with low overall volatility, but also low returns well below the 8% target.

Portfolio “B” uses the same long-term capital market expectations and is constructed to optimize on the efficient frontier, thus optimize the return for a given level of risk. This portfolio allocates a disproportionate amount of capital to equities with high volatility. So while the 8% target may be met the overall portfolio is subject to economic volatility and excess concentration of equity risks.

Portfolio “C”, the Risk Parity portfolio, creates a diverse opportunity set with risk exposures (beta + alpha) equal weighted. Since bonds have significantly lower volatility than stocks, leverage would

be used to “lift” the bond portfolios risk allocation to equal that of the equity risk allocation. This portfolio aims to maximize the expected Sharpe Ratio of the overall portfolio.

The practical implementation of Risk Parity can be challenging. From an investment policy perspective the most critical question is the investor’s targeted amount of leverage. Portfolio construction may also be constrained depending on the instrument used to deploy leverage (margin lending, futures, swaps, options or leveraged ETFs). Borrowing costs may also present hurdles to implementation.

Introduction of leverage to any portfolio brings increased risk and could result in losses that might otherwise be avoided if leverage had not been used or if the lending portfolio had been more robust.

Proxy Voting

Unless directed otherwise by our clients’ proxy statements for matters being presented to shareholders are forwarded directly to clients by the custodian(s) holding client securities, but we make no assurance that proxy statements will be received by clients, and we make no recommendations about how proxies should be voted. All client questions concerning or related to a particular solicitation is referred to the custodian and/or the Manager of the account or underlying investment vehicle.

Client Information Provided to Portfolio Managers

Form ADV Part 2A, Appendix 1, Item 7

The information we communicate to a manager is comprised of the client's individual investment objectives and financial goals; it is conveyed by providing a copy of the IPS, the investment model selected for the account, and any information provided during the account opening process. We provide the manager with updated information as we become aware of such.

Client Contact with Portfolio Managers

Form ADV Part 2A, Appendix 1, Item 8

We do not place any restrictions on access to portfolio management. Clients may confer with our Representatives at any time that may be mutually convenient within or outside of regular business hours. If a client wishes to contact and consult with an outside portfolio manager, our Representatives use their best efforts to arrange the contact and/or consultation. Independent Managers have their own separate policies regarding how and how often they may communicate with clients. We have no control over the policies of these unaffiliated Managers.

Additional Information

Form ADV Part 2A, Appendix 1, Item 9

Disciplinary Information

On 11/12/2002, prior to Fieldpoint Private's acquisition of Nutmeg Securities, Ltd., ("NSL"), the predecessor of FPS, NSL agreed to a letter of acceptance, waiver and consent to the entry of findings by the National Association of Securities Dealers ("NASD", now FINRA) that it failed to show the correct time of executions on memoranda of brokerage orders, and failed to properly report the correct price for last sale reports through the ACT reporting system. The trade reporting violations were related to an institutional electronic trading program which NSL was in the process of developing during 2002. The inadvertent programming errors were corrected and the system was subsequently sold to an unaffiliated third party. NSL was censured and fined \$7,500. The Firm no longer maintains any proprietary trading systems.

On 5/06/2003, NSL agreed to a letter of acceptance, waiver and consent to the entry of findings by the NASD resulting from a firm audit initiated by the NASD on 3/03/2003. NSL was censured and the firm and the head trader were fined \$10,000 jointly and severally for trade reporting violations, including making late reports without identifying them as late reports by the use of proper codes in the reporting system. In addition, NSL was censured and fined \$13,000 and consented to the acceptance of findings that it had failed to inspect and supervise a branch office, and failed to report, file, and maintain copies of customer complaints at one branch office. The findings further stated that NSL had inadequate written procedures related to customer complaint filing requirements, and that procedures relating to trade reporting, internal inspections and books and records retention had not been followed. The branch office associated with the 5/06/2003 action was closed.

Other Financial Industry Activities and Affiliations

In addition to being a registered investment advisor, FPS is a registered securities broker-dealer, and most of our investment advisor agents are also registered representatives for securities business. All of our management persons are also registered representatives for securities business.

FPS is licensed to sell life insurance products, and many of our associated persons are also licensed as insurance producers in certain states. The insurance business is not actively pursued by FPS. FPS considers its registrations and licenses in multiple business lines to broaden the potential scope of engagements with its clients. Different products may have differing levels of compensation. If more than one product might address a client's financial needs, FPS has an incentive to recommend the product with higher compensation for FPS.

FPS is a wholly-owned subsidiary of Fieldpoint Private Bank and Trust, a national thrift organization. FPS is also affiliated, and under common control, with Fieldpoint Private Advisors, Inc., and SEC-registered investment advisor. Fieldpoint Private Advisors is not on FPS' platform as a third-party manager.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

FPS's Code of Ethics is intended to promote honest and ethical conduct, including open and principled disclosure and handling of actual or apparent conflicts of interest between personal and professional relationships. Our Code of Ethics requires compliance with applicable government laws and regulations, protection of confidential information, ethical business practices, and personal conduct which will reflect well on each of our associates individually, as well as on our business. A copy of NSL's full Code of Ethics is available upon request by calling us at 1-203-255-3838.

FPS does not sell to clients any securities in which FPS has a material financial interest, nor does FPS purchase securities directly from clients or otherwise engage in principal transactions.

FPS and its employees may purchase or sell securities recommended for purchase or sale in client accounts. FPS's practice is that employee transactions are to be executed on different days than client transactions in that security, or related securities. ("Related securities" are proxies or derivatives of a security, such as rights, warrants or options.) If market conditions or oversights cause transactions in the same security to be executed on the same day in both client and associated person accounts, then FPS's practice is to seek executions where either all accounts receive the same average price or clients receive the most advantageous prices, depending on the facts and circumstances relating to the sequencing and timing of order placement, as well as the direction of each order.

Review of Accounts

We review separate account performance at least quarterly, and discuss results with clients at least annually. Most client account review discussions are held more frequently than annually. Client accounts for which FPS has trading discretion are generally monitored daily. All accounts are reviewed in the case of a dramatic economic, political or other major event(s) associated with unusual market volatility.

In addition to the above, valuations of accounts held at unaffiliated Managers are compiled at least every two months. Any valuation changes suspected to be outside of normal trends are further reviewed by the Chief Investment Officer.

Clients receive written statements from custodians of their assets at least quarterly. A statement is provided monthly, if there is activity within an account during a month, and quarterly when there is no activity in an account. The custodian statement lists assets and asset values at the beginning and at the end of the statement period, as well as any activity in the account during the statement period. These statements are provided in electronic format, but clients may receive printed paper statements if requested.

We also provide client statements, including statements covering assets held outside of the custodian, if a client arranges for this service.

Client Referrals and Other Compensation

FPS does not have any third-party referral or other compensation arrangements in place where FPS compensates others for the referral of clients.

In addition, FPS does not receive any economic benefit from anyone who is not a client for the provision of investment advisory or any other services to our clients.

Financial Information

FPS does not have custody of assets in clients' accounts (meaning the physical holding of cash or securities, or exercising the authority to obtain control over client assets), nor do we require or solicit the prepayment of fees from clients, six months or more in advance. Therefore, we are not required to provide a copy of FPS' current balance sheet or any other financial information.