

**Part 2A of Form ADV: Firm Brochure**

**Cover Page**

March 31, 2017  
CRD 18975

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This 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 203-682-6553 or [hkummerfeld@fieldpointprivate.com](mailto:hkummerfeld@fieldpointprivate.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Fieldpoint Private Securities, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Fieldpoint Private Securities, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2**

## **Material Changes**

No material changes are being reported in this Firm Brochure.

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## Item 4

### Advisory Business

Fieldpoint Private Securities, LLC (“FPS” or the “Firm”) started as a securities broker-dealer in 1986, under the name Nutmeg Securities, LLC. FPS became a state-registered investment advisor in 2001. In 2011, the Firm was acquired by Fieldpoint Private Bank & Trust (“Fieldpoint Private” or “FP”), of which it is now a wholly-owned subsidiary. In July, 2013, FPS changed its status from a state-registered investment advisor to an SEC-registered investment advisor.

FPS offers six types of advisory services:

1. Non-Discretionary – FPS provides non-discretionary investment management and advice to clients. Clients choose a non-discretionary engagement by executing a non-discretionary Advisory Services Agreement. FPS provides clients tailored asset allocation advice and refers clients to outside, unaffiliated investment managers to fulfill the portfolio construction process. Outside managers are screened, vetted, selected and monitored by Fieldpoint Private’s Office of the Chief Investment Officer (“CIO”). Approved managers include separately managed accounts (SMAs), mutual funds, limited partnerships and other types of products. FPS, in consultation with clients, recommends approved managers that are suitable based on the client’s financial goals, risk tolerance and investment experience. FPS may change the asset allocation and manager selections with client approval.
2. Discretionary – FPS provides discretionary investment management and advice to clients. Clients choose a discretionary engagement by executing a discretionary Advisory Services Agreement. FPS provides clients tailored asset allocation advice and fulfills portfolios on a discretionary basis using a combination of approved individual securities (stocks, bonds & exchange traded funds [“ETFs”]) as well as approved outside, unaffiliated investment managers. The FPS Advisor assigned to the client’s advisory relationship may purchase and sell approved securities and outside managers on a client’s behalf without the client approving each individual trade.
3. Dynamic Allocation Portfolios (“DAP”): FPS offers a type of discretionary advisory relationship whereby clients may invest in the Firm’s pre-established volatility-targeted model portfolios. Clients choose a DAP engagement by executing a standard Advisory Services Agreement, an investment questionnaire and a discretionary authorization form. DAP may be used in addition to or as an alternative to other engagements with the Firm, and clients may invest all or a portion of the assets in their FPS portfolio in DAP.<sup>1</sup> FPS, through the Fieldpoint Private CIO, acts as advisor for the discretionary DAP account. FPS seeks to emulate the model portfolios, which are designed to target a specific, pre-defined level of risk, using Fieldpoint-researched

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<sup>1</sup> If a client wishes to have only a portion of the assets in their FPS portfolio advised in accordance with the DAP program, those assets will be segregated in a different account from assets not included in DAP.

ETFs and mutual funds.

4. Assets Not Recommended/Researched by FPS – FPS may provide counsel and advice about client investments that were not recommended or researched by FPS, and over which we exercise no discretionary control either directly or indirectly. Such investments and/or portfolios may be held at FPS' preferred custodian or elsewhere (assets held elsewhere are referred to as "held away"). Advisory fees apply regardless of whether such assets are held at an FPS preferred custodian or held away. FPS may, at its sole discretion and in consultation with the client, negotiate a fee rate for assets held away and included in consolidated performance reports that is different from the fee charged for assets held at an FPS preferred custodian. Please see the Item 5 ("Fees and Compensation") for more information.
5. Wrap Fee Program – Under certain circumstances, FPS may offer clients a group of services (e.g., advice, asset management by a third party investment manager, transaction execution) for one all-inclusive fee, known as a "wrap fee." For more information, please refer to the Firm's separate Wrap Fee Program Brochure.
6. Consulting Services
  - FPS offers fee-based financial planning and consulting services. Such services often involve a specific project or set of projects, such as preparation of a financial plan or consultation on estate planning, college planning, business planning, etc., with a deadline agreed upon between the client and FPS for completion of the project(s) and any related work product. In such circumstances a flat fee is negotiated based upon factors including, but not limited to, the client's needs and objectives, the complexity of the plan or consulting engagement, the nature of the anticipated work product, the time required to develop the plan and/or conclude the consultation, and the overall experience of the FPS Advisor providing the services. Clients who wish to use the Firm's financial planning/consulting services will be provided with an agreement at the commencement of the engagement describing the scope of the project, the expected final work product, the anticipated timeframe for completion, and the agreed-upon fee. An initial retainer payment is typically required upon execution of the engagement agreement, with the balance due upon completion of the engagement or in stages at scheduled times (or upon achievement of established milestones) during the course of the engagement. Throughout the project, the assigned FPS Advisor will regularly consult with the client, as well as others if and as directed by the client (such as attorneys, accountants, etc.), to provide updates on the project's progress, refine the scope as warranted, gather additional information as applicable, and respond to any questions.

The written financial plan or consultation may consist of observations, assumptions, strategies and recommendations. Depending on the agreement covering the engagement, the client may have the opportunity to update the financial plan or consultation document annually, or as relevant circumstances change. The client may choose to implement all, any component, or none of the

financial plan or consulting recommendations, and those the client wishes to pursue may be implemented through FPS or through any other institution of the client's choosing. In the event that implementation is done through FPS, and depending on the nature of the relationship entered into to facilitate such implementation, the client may be asked execute a non-discretionary or discretionary Advisory Services Agreement (as applicable), with respect to which the fee schedule described in Item 5 of this Brochure will apply. In such circumstances, the FPS Advisor assigned to the relationship will receive compensation in addition to that received directly in connection with the financial planning and/or consulting services.

- FPS also offers clients the opportunity to enter into open-ended consulting agreements whereby FPS will provide various ongoing services as set forth in the agreement. As an example, such services might include working with an institutional client's Investment Committee to establish investment objectives and design and implement a disciplined investment management process, evaluating potential investment strategies and opportunities (whether or not on the FPS platform), performing portfolio reviews, providing brokerage and private banking services, performance reporting, and/or such other services as requested by the client and agreed to by FPS. The fee arrangement for such consulting services is negotiated on a case-by-case basis, and may be based upon or include a standard flat payment on a recurring basis (e.g., annually), an asset-based fee, commissions and other fees for brokerage and banking services, and/or a combination thereof depending on the specific nature of the services and the agreement between the client and FPS.

Advisory services are tailored to individual client needs, requests, goals and risk tolerance based on information obtained from each client at account opening and on an ongoing basis as warranted. There is no guarantee or assurance that our advisory services will in fact be successful in helping clients achieve their financial goals, and clients may lose a portion or all of their investment. Clients must carefully consider the investment options available to them, both at FPS and elsewhere, to ensure that they make a well-educated decision when choosing the investment approach most appropriate for their financial goals and circumstances.

Clients may request reasonable restrictions regarding investments that may be held in their portfolios. Where client assets are to be managed by outside investment managers, we will confer with those managers about their ability to abide by any client-requested restrictions or accommodations. If we manage client assets directly, acceptance of client-requested restrictions will depend on whether, in our opinion, such restrictions are reasonable and would not unduly interfere with our ability to provide the investment advisory service necessary to facilitate achievement of the client's goals. In either circumstance, if it is determined that a client-requested restriction cannot be accommodated, the client will be notified so as to have the opportunity to modify the requested restriction and/or consider other investment options.

As of December 31, 2016, regulatory assets under management at FPS had an aggregate value of \$2.7 billion, with \$287 million representing assets held in discretionary accounts and \$2.4 billion representing assets held in non-discretionary accounts.

## Item 5

## Fees and Compensation

FPS is compensated for its services by an annual advisory fee (the “Advisory Fee”) charged to its investment advisory clients based on a percentage of assets being advised, in accordance with the fee schedule set forth below.<sup>2, 3</sup>

<b>Assets Being Advised</b>	<b>Advisory Fees as a Percent of Assets</b>
On the first \$10,000,000	1.00%
On the next \$15,000,000	0.85%
On the next \$25,000,000	0.65%
On the next \$25,000,000	0.50%
On amounts over \$75,000,000	0.45%

Asset-based Advisory Fees are deducted from client assets quarterly in advance. Advisory Fees for the following calendar quarter are calculated based on a percentage of the client’s asset value at the end of the most recent calendar quarter, as follows:

The asset level at the end of each quarter is multiplied by one-quarter (1/4) of the annual fee percentage to determine the fee to be charged and deducted from the client assets. For example:

<b>Quarter-End Account Assets</b>	<b>Annual Fee</b>	<b>Calculation</b>	<b>Fee Charges/Deducted from Assets</b>
\$1,000,000	1.00%	$\$1,000,000 \times 0.25\%$	\$2,500

FPS may, in its sole discretion, negotiate a lesser fee than set forth above on all or a portion of the assets held in an advisory account based upon certain criteria. Such criteria might include, for example, the level of advice provided on certain assets, the location of assets, account composition, pre-existing client relationships, related accounts, anticipated future additional assets, and whether the client is an employee of FPS or an affiliate. If a fee different from the schedule above is negotiated with respect to all or a portion of the advisory assets, the client will be asked to sign a fee addendum to the Advisory Services Agreement memorializing such negotiated fee.

In addition to the above, a separate fee may be charged on “held away” assets (as defined in Item 4.4 above) on which FPS may provide the same or lesser advice, but which are included in

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<sup>2</sup> FPS reserves the right to revise its advisory fee schedule from time to time. Clients are subject to the fee set forth in their Advisory Services Agreement, unless amended by written agreement between FPS and the client. Therefore, advisory fees may differ among clients, and, depending on when a client’s Advisory Services Agreement was signed, may differ from the fee schedule set forth herein.

<sup>3</sup> For purposes of fee calculation, investments in private equity are valued based on the dollar amount of the client’s committed investment in each such vehicle until the conclusion of the commitment period, which value is aggregated with the total value of all other advisory assets. After the conclusion of the commitment period, the investment’s fair market value as provided by the general partner is used for fee calculation purposes.

consolidated performance reports prepared for the client. This fee is generally 1.00%; however, in FPS' sole discretion, a lesser fee with respect to such assets may be negotiated, based upon such things as the amount of assets held at a preferred custodian and the overall client relationship. For purposes of fee calculation, the assets to which the fee described in this paragraph applies are segregated from assets held at a preferred custodian; in other words, the fee applicable to assets held at a preferred custodian (which are subject to the sliding fee schedule shown above, unless a different fee has been agreed upon in writing between the client and FPS) is not applied to the type of "held away" assets discussed in this paragraph.

Where accounts are managed by an outside Investment Manager, any fee charged by the Investment Manager will be established by such Manager and will be in addition to the FPS advisory fee.<sup>4</sup> The procedure for processing the outside Investment Manager's fee will be either of the following: (1) the Account Custodian will deduct the Investment Manager's fee from the Account and deliver it to the Investment Manager, or (2) FPS will deduct both its Advisory Fee and the Investment Manager's fee from the Account, and forward the Investment Manager's fee to the Custodian for delivery to the Investment Manager. Outside Investment Managers have their own procedures and may require that fees be deducted in advance or in arrears. Each outside Investment Manager's documentation spells out the terms of fee deductions and any special arrangements, such as procedures for partial-quarter billings or refunds, specifically.

Clients may incur additional expenses in connection with maintaining accounts. Mutual funds, including no-load funds, ETFs and alternative funds, such as hedge funds, have management fees, operating costs and other embedded costs that are typically charged to each underlying investor on a pro-rata basis. Many mutual funds charge a "12b-1 fee" based on a percentage of assets invested in the fund, 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., also typically charge an incentive fee based on performance. This incentive fee can be 10% to 20% of the profits of the fund, and in some instances higher. Retirement accounts typically incur annual custodial fees charged by the Custodian. Security sales have a small transaction fee collected for government purposes. Transactions often have "miscellaneous" or "postage and handling" fees added, and there may be additional fees for paper trade confirmations and paper copies of periodic account statements. FPS does not receive, participate in the collection of, or otherwise benefit from any of the additional fees described in this paragraph.

Pershing LLC, FPS' primary custodian, charges an annual administrative fee of seven basis points (0.07%) on Separately Managed Accounts held in clients' FPS advisory portfolios. TD Ameritrade, Inc., which also provides custodial services, charges an annual administrative fee of six basis points (0.06%) on all FPS client advisory accounts. Such fees are debited directly from the client's account by Pershing or TD Ameritrade, as the case may be. FPS does not share in these fees. Other custodians of clients' "held away" assets may also charge administrative or other fees. Clients should consult directly with such other custodians for information.

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<sup>4</sup> Where a client enters into a Wrap Fee Agreement (see the Wrap Fee Program definition in Item 4, "Advisory Business"), the Advisory Fee may differ from the schedule set forth above, as such fee will incorporate any fee charged by an outside Investment Manager. Please refer to FPS' Wrap Fee Program Brochure for details.



If mutual funds are recommended for advisory accounts, FPS recommends fund share classes which are available at net asset value. Some mutual funds pay on-going asset-based service fees to FPS ("12b-1 fees"). This creates a conflict of interest, as FPS may have incentive to recommend mutual funds which pay 12b-1 fees to FPS even when there may be funds with similar track records and investment approaches which do not pay such fees. However, and as noted in the "Conflicts" section of this Brochure, FPS mitigates this conflict of interest by rebating any such 12b-1 fees it receives to the client's account, eliminating the incentive to recommend such funds over others. Expenses and fees charged by each mutual fund are described in the respective fund prospectuses.

FPS is a securities broker-dealer in addition to a registered investment advisor and typically acts as the introducing broker for transactions effected for clients' advisory accounts. However, clients paying for advisory services at FPS with asset-based fees are not charged commissions for brokerage transactions effected for their advisory accounts. Advisory Fees are not reduced by any transaction charges which might be incurred for accounts held away from FPS. All transactions are fully disclosed agency transactions. There are no principal markups or markdowns. FPS does not engage in proprietary trading.

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

FPS does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of a clients' assets).

FPS does not engage in side-by-side management of mutual funds and hedge funds.

## **Item 7      Types of Clients**

FPS' clients are generally individuals and entities controlled by individuals, such as pension plans, IRAs and trusts. We generally pursue clients with \$10 million or more in net worth. However, at its sole discretion, FPS may accept clients with net worth of lesser amounts, depending on various factors, including, for example, the client's investment experience, financial circumstances and objectives, the appropriateness of the advisory services offered by FPS for such client, and/or the existence of relationships with the Firm on the part of related parties.

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

By virtue of longevity, the chief market threat to a wealth portfolio's spending power is the destructive force of rare, historic tail-risk events including recessions and episodes of inflation or deflation. It is our responsibility to help our clients protect themselves from the full impact of these events.

Over time, our effective application of risk management may prove to be *the most important source of alpha*. At Fieldpoint Private, we direct every element of our investment edge, philosophy, process, execution, and intellectual will toward this objective.

Fieldpoint Private employs the following methods of analysis:

- Set capital market expectations
- Construct strategic asset allocation models (policy benchmarks)
- Third party manager research and due diligence
- Account aggregation and performance reporting

### 8.1.      Capital Market Expectations

The firm analyzes macro events to improve risk management and long-term performance of client portfolios. We utilize a systematic, research-based approach to study the historical economic patterns and shifts in government policy in an attempt to identify trends and capture important signals that may affect trends in economic growth and inflation.

We use prevailing market prices and valuations to determine implied growth rates and inflation expectations and place those findings in an historical perspective across different economic cycles.

We link macroeconomic and capital market research to portfolio advice through the development of proprietary, forward-looking capital market expectations (CMEs). CMEs are an input to our asset allocation process. Experience is required in developing effective CMEs. CMEs should be (i) unbiased, objective and well researched, (ii) efficient (low forecasting errors), and (iii) consistent. We set CMEs over a 7-year horizon with a goal of capturing a full economic, business and market cycle.

Fieldpoint Private sets CMEs using a variety of statistical methodologies and measures previously formed expectations against actual results.

## 8.2. Asset Allocation

Fieldpoint Private utilizes a risk-budgeting approach to strategic asset allocation designed to deliver a pre-defined level of portfolio volatility. The process solves for risk diversification first, and then allocates the capital. This places less emphasis on market forecasting and more emphasis on downside protection by allocating and diversifying risk factors. In other words, while traditional asset allocation approaches target returns and allocate capital, FP's approach targets volatility and allocates risk.

Each asset class has unique risk characteristics including factor beta exposures to key macroeconomic factors (growth, inflation, interest rate risk, and credit risk). Asset classes also have a unique historical range of price volatility. The modeling process optimizes the factor beta exposures while constraining or solving for the pre-defined targeted volatility. Risk optimization determines the asset mix and forms the strategic asset allocation mix.

The model's strategic mix changes when Fieldpoint Private alters its capital market expectations (CMEs). We apply tactical tilts to asset classes based on prevailing valuation, momentum, and volatility conditions.

## 8.3 Manager Research & Due Diligence

Fieldpoint Private expresses models and strategic asset allocation portfolios using a combination of active and passive third party investment strategies. These strategies may include separately managed accounts, limited partnerships, mutual funds and exchange traded funds. Certain direct investment opportunities may be available for qualified clients. Certain discretionary accounts may express asset allocations with individual equity, credit, and Treasury securities.

In choosing a third-party manager for a client's portfolio, FPS generally utilizes the investment framework and philosophy of Fieldpoint Private's Office of the Chief Investment Officer ("CIO") for analysis, investment strategies and risk management.

The Fieldpoint Private Research team conducts screening, due diligence and ongoing research of third party investment strategies. An investment strategy or vehicle may be recommended to a client portfolio only if it has passed the manager research process and been added to the firm's Focus List or Approved List.

Fieldpoint Private uses an in-depth vetting process and consistent criteria to help decide when to recommend hiring or replacing a money manager. This due diligence process allows Fieldpoint Private to identify money managers whose unique style, perspective, and record of accomplishment represent an appropriate fit for clients' investment needs. In choosing any manager, the overarching goal is to find attractive investment opportunities and strategies consistent with clients' need for capital preservation, growth, and/or liquidity.

The manager selection framework includes five core elements:

- **Matching Asset Allocation Sleeves:** Fieldpoint Private's Director of Research works closely with the CIO to identify core and satellite (i.e., opportunistic) sleeves to be matched with the Fieldpoint Private asset allocation models.
- **Sourcing new managers:** Fieldpoint Private sources new managers through proactive screening, and recommendations from various sources. Priority is given to managers that may fit openings in the asset allocation models
- **Manager investment due diligence:** ensures new or existing managers meet Fieldpoint Private's qualitative and quantitative standards
- **Manager operations due diligence:** ensures manager internal controls and safeguards meet Fieldpoint Private's standards
- **Monitoring:** ongoing assessment of manager performance and consistency with their stated strategy

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

#### 8.4. Performance Reporting

Fieldscope Performance Reporting™ takes the frustration and time-consuming duties out of the performance reporting process. We retrieve and reconcile clients' investment accounting data on a daily basis. Electronically, we acquire data from multiple accounting systems, custodians, and platforms to allow Advisors and clients a comprehensive view of portfolio performance. No manual data entry is necessary. After receiving the data, we reconcile it to ensure clients and Advisors receive accurate investment performance calculations.

#### 8.5 Risk of Loss

***There is no guarantee that recommended investments or the investment strategies discussed herein 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 of their invested money.***

## **Item 9      Client Information Provided to Third Party Managers**

The information we communicate to a third party manager is comprised of the client's individual investment objectives and financial goals; it is conveyed by providing a copy of the client's Investment Policy Statement (or similar statement of objectives), the investment model selected for the account, and any applicable information provided during the account opening process. We provide the manager with updated information as we become aware of such.

## **Item 10      Client Contact with FPS Advisors and Third Party Managers**

We do not place any restrictions on clients' access to information regarding their advisory relationship with FPS. Clients may confer with FPS Advisors at any time that may be mutually convenient within or outside of regular business hours. If a client wishes to contact and/or consult with an outside portfolio manager, our Advisors use their best efforts to arrange the contact and/or consultation. Independent asset 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.



## **Item 11      Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business and/or the integrity of our management.

Our firm and personnel have no reportable disciplinary events to disclose.

## **Item 12      Other Financial Industry Activities and Affiliations**

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

With respect to FPS, Fieldpoint Private Bank & Trust and Fieldpoint Private Advisors are collectively referred to as the "Related Companies."

Where appropriate, FPS and its employees may recommend the various services of the Related Companies to its advisory clients. The Related Companies and their employees may also recommend FPS's advisory services to their clients. The services provided by the Related Companies are separate and distinct from FPS's advisory services, and are provided for separate and/or additional compensation. There may also be arrangements between FPS and the Related Companies whereby FPS and/or the Related Companies and their employees receive payment in exchange for client referrals. (No such arrangements exist as of the date of this Brochure.) No FPS client is obligated to use the services of any of the Related Companies.

In addition to being a registered investment advisor, FPS is a registered securities broker-dealer, and many 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 certain of our associated persons are also licensed as life insurance producers in certain states. FPS considers its registrations and licenses for multiple business lines as beneficial to broadening the potential scope of engagements with its clients. Different products may have differing levels of pricing and compensation. If more than one product might address a client's financial needs, FPS would have an incentive to recommend the product with higher compensation for FPS.

FPS does not believe that being an investment Advisor, registered securities broker and insurance agent creates a material conflict of interest with clients.

## Item 13 Conflicts of Interest

### 13.1 Philosophy

FPS endeavors to offer its clients an investment advisory program that at all times emphasizes the practice of putting the best interests of its clients ahead of the Firm's and its Advisors', and that minimizes the likelihood of conflicts of interest that might interfere with this philosophy. To this end, FPS:

- Does not develop, market or recommend to clients any proprietary investment products.
- Does not accept "program fees" or any other compensation from outside investment managers for access to FPS' advisory platform or featured placement on its menu of available products.
- Does not accept 12b-1 marketing/distribution fees from mutual funds held in clients' advisory accounts.<sup>5</sup>

### 13.2 Specific Conflicts and Mitigating Factors

- A number of mutual funds researched and recommended by FPS are included in Pershing LLC's FundVest program, in which FPS participates. Such funds pay a fee to Pershing for inclusion in FundVest, and, where FPS clients invest in such funds, FPS, pursuant to its agreement with Pershing, receives a percentage of the aggregate revenue received by Pershing from such fees. This creates a conflict in that receipt of such revenue could create an incentive for FPS to recommend FundVest funds to clients over other funds. However, for purposes of evaluating which mutual fund(s) among those on the firm's Focus List should be recommended for a client's account, no distinction is made between those that participate in the FundVest program and those that do not; in fact, advisors are not made aware of which funds participate in FundVest. All recommendations are carefully evaluated by the advisors as to their suitability based only on the client's specific objectives and circumstances, and their advantages and disadvantages as compared with other mutual funds on the Focus List. Presently, the share of Pershing's FundVest revenue received by FPS is *de minimis*, amounting to approximately \$300 per month, evidencing the fact that participation in FundVest has not been, and is not, a factor in either determining a fund's appropriateness for inclusion in the Focus List or in making recommendations to clients.
- FPS participates in a program whereby excess cash in clients' advisory accounts is swept to an omnibus account maintained by Pershing LLC, FPS's primary custodian, at Bank of New York Mellon, Pershing's intermediary bank. An amount equivalent to the aggregate amount of such cash swept each day is then transferred to omnibus money market

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<sup>5</sup> In the event that FPS receives 12b-1 fees from a mutual fund held in a client's advisory account, such payment is rebated to the client's account.

accounts at FPS's parent bank and other banks unaffiliated with FPS. Pursuant to its overall custodial agreement with Pershing LLC, FPS receives a percentage of fees received by Pershing LLC in connection with applicable cash swept to money market accounts at *unaffiliated* banks under the program. Such fees are paid to Pershing directly by the money market company and are not deducted from client accounts, and do not represent 12b-1 fees earned by FPS. FPS does not receive a share of any fees paid to Pershing LLC by the money market company relating to cash swept to the omnibus account at FPS's parent bank. FPS does not believe this arrangement creates a conflict of interest with its clients, as FPS has no financial incentive to direct cash to the omnibus money market account maintained by Pershing at FPS's parent bank.

- FPS has an investment management agreement with Lombard International Life Assurance Company ("Lombard") pursuant to which FPS provides investment management and asset allocation services on a discretionary basis for investment portfolios underlying private placement life insurance ("PPLI") and private placement variable annuity ("PPVA") policies issued to FPS clients by Lombard. FPS also serves as the broker of record with respect to sales of the PPLI policies to its clients. This dual role creates a conflict of interest, in that FPS receives both investment advisory fees for its services in connection with managing the investment portfolios and commissions for sales of the PPLI policies. FPS has mitigated this conflict by establishing procedures whereby the investment management and insurance broker functions are segregated. Specifically, any advisor who markets and sells policies to clients (and who may advise on the clients' non-policy assets) is completely removed from the investment management function with respect to policy assets, and is prohibited from involvement in any aspect of the investment management process. Fieldpoint Private's Chief Investment Officer and Research team are responsible for selecting portfolio assets and allocation strategies, and the advisor may have no communication with the client about specific investment selections for policy assets. FPS believes that these procedures sufficiently mitigate the conflict stemming from FPS' dual role.
- As noted in the "Fees and Compensation" section of this Brochure (Item 3), for purposes of fee calculation, investments in private equity are valued based on the dollar amount of the client's committed investment in each such vehicle until the conclusion of the commitment period (after which the fair market value as provided by the general partner is used), which value is aggregated with the total value of all other advisory assets. As cash held in an advisory account is included in the account's total assets for purposes of fee calculation, to the extent that all or a portion of such cash is intended to fund a capital call with respect to a private equity investment, a potential conflict exists in that double-billing could be applied to such cash. While FPS endeavors to identify any such potential situation and correct it accordingly, clients are urged to carefully review their account statements with respect to fees charged and immediately notify their FPS Advisor of any suspected double-billing resulting from private equity investments.

### 13.3 Avoiding Conflicts between Advisory and Brokerage Accounts; Brokerage Practices

Where clients maintain both fee-based advisory and commission-based brokerage accounts at

FPS, it is FPS's policy to take all appropriate steps to avoid any conflicts or circumstances that might prove disadvantageous to the client. Accordingly, FPS's policy requires that:

- Where a transaction is executed in a brokerage account to facilitate investment activity relative to a client's advisory account, no commission will be charged on the brokerage transaction.
- Where assets transferred into a brokerage account are sold in the brokerage account with the intention of moving the applicable proceeds to the client's advisory account, no commission will be charged on the brokerage transaction(s).
- Where assets are sold in a brokerage account with a commission and a decision is subsequently made to move the related proceeds to the client's advisory account, the advisory fee will be reduced if the brokerage commission exceeds the advisory fee that would have accrued in the time between the brokerage transaction and the transfer to the advisory account.

Clients with separate accounts at outside money managers may have brokerage services selected by the outside managers. FPS has no control over, or ability to influence, fees charged by other brokerage firms.

Clients who pay asset-based fees directly to FPS may instruct FPS to send transactions intended to facilitate advice provided by FPS to other brokerage firms for execution. However, FPS is a securities broker-dealer and recommends that advisory clients use FPS' brokerage services.<sup>6</sup> This allows for the aggregation of client orders when possible, use of average pricing to reduce inequities between accounts, reduction in the number of partial executions reported, and monitoring for best execution on an on-going basis. As noted above, FPS does not charge commissions for securities transactions in advisory accounts held at FPS. If FPS did charge commissions for transactions effected to facilitate investment advice, it could create a conflict of interest in that FPS would have an incentive to recommend more transactions than it might if transactions were executed at another brokerage firm.

#### 13.4 Soft Dollars and Other Revenue from Directing Business

FPS does not receive research or other soft-dollar benefits for directing commission business to other firms.

FPS does not send commission business to other brokers in return for client referrals, nor does FPS receive commission business from other parties in return for client referrals. However, as discussed in Item 15, FPS does from time to time enter into referral arrangements whereby third parties are paid a portion of the advisory fees received by FPS for referrals of clients who establish an investment advisory relationship with the Firm. Please see Item 15 for details.

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<sup>6</sup> FPS is an introducing broker, meaning that it directs transactions to a third-party broker for execution. As discussed above, Pershing LLC generally acts as FPS' executing broker, although FPS may direct transactions for execution by other equally-qualified independent brokers that have been approved for use.

### 13.5 Code of Ethics

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 laws and regulations, protection of confidential information, ethical business practices, and personal conduct on the part of all of the Firm's colleagues. A copy of FPS's full Code of Ethics is available upon request by calling us at 1-203-682-6550 or 1-800-288-5513.

### 13.6 Participation or Interest in Client Transactions

FPS does not sell to, nor purchase from, clients any securities in which FPS has a material financial interest. FPS does not execute cross transactions in advisory accounts.

### 13.7 Personal Trading

FPS and its employees may purchase or sell securities recommended for purchase or sale in client accounts. If such transactions are executed on the same day as client transactions in the same or related securities<sup>7</sup>, FPS's practice is to place trade executions with the most advantageous prices in client accounts.

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<sup>7</sup> "Related Securities" means derivatives of a security, such as rights, warrants, and options.

## **Item 14      Review of Accounts**

The individual FPS Advisors review client account performance regularly, and discuss results with clients on a routine basis, but in no event less than annually. Clients receive written account statements from their custodians, as well as performance reports from FPS, no less than quarterly. Clients are strongly encouraged to carefully review their account statement and performance reports promptly upon receipt, and to contact their FPS Advisors with any questions or if they need additional information.<sup>8</sup>

All advisory accounts are subject to routine monitoring by FPS Compliance, Fieldpoint Private's Office of the Chief Investment Officer, and Operations. Any apparently questionable activity is investigated to evaluate the appropriateness of how the account has been handled.

Valuations of accounts are compiled monthly. Any valuation changes suspected to be outside of normal market trends are further reviewed by Compliance, senior management of FPS, and the Office of the Chief Investment Officer.

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<sup>8</sup> Clients are reminded that performance reports are for informational purposes and are not the official record of their Account(s). The account statement sent by the custodian is the official account record.

## Item 15      Client Referrals and Other Compensation

From time to time, FPS enters into arrangements whereby third parties are remunerated for referring investors to FPS who establish investment advisory relationships with the Firm. Such third parties are compensated based on a percentage of the advisory fees billed by FPS for investment advisory services provided to the client.

*Advisory fees paid by the client are not affected by this arrangement; i.e., the client pays only the advisory fee as stated in the client's Advisory Services Agreement with FPS, and does not pay anything additional to compensate for the remuneration paid by FPS to the referring party.*

Referrers are required pursuant to their written agreements with FPS to deliver a written disclosure document, in a form mandated by FPS, to each potential client being referred to FPS at the time of the referral. The disclosure document informs the referred party of the existence of the referral agreement, explains the nature of the relationship between FPS and the referrer and the manner in which remuneration is paid to the referrer, and specifies that the cost to the referred party will not be affected in any way by any compensation paid by FPS to the referrer. As specified in the written agreement between FPS and the referrer, FPS will not pay any remuneration to the referrer with respect to any referred relationship unless and until it has received a copy of the disclosure document signed by the referred client verifying such client's receipt of and understanding of the document, and consenting to the remuneration arrangement between FPS and the referrer. The referred client has the right to deny or withdraw such consent at any time by notifying FPS, in which event no compensation (or further compensation, if the client withdraws such consent after initially providing it) will be paid to the Referrer with respect to the referred client's advisory relationship.



## Item 16      Custody

FPS does not maintain ongoing custody of client money or securities. FPS clears security trades through the Pershing LLC division of Bank of New York Mellon, and Pershing is the custodian of the bulk of assets for which FPS provides advisory services. FPS recently entered into an agreement with TD Ameritrade, Inc. whereby TD Ameritrade also provides custody services for FPS advisory accounts. Other advisory account assets may be held at other brokerage firms, mutual fund companies and insurance companies. In all cases, the custodians of client assets provide statements to clients at least quarterly showing assets held at the respective firms.

It is important that clients carefully review statements provided by the custodians promptly upon receipt to confirm that all account activity is consistent with their instructions and understanding, and promptly contact their FPS Advisor with any questions.

## **Item 17      Investment Discretion**

FPS may accept discretionary investment authority over client accounts. This discretionary authority is established by written authorization from the account owner(s), must be accepted by FPS, and must be approved by a registered principal of the Firm. FPS retains the right, in its sole discretion, not to accept a client's request to enter into a discretionary relationship. Please see Item 4 ("Advisory Business") for details on the types of discretionary relationships available.

Depending on the nature of the overall advisory relationship, the written authorization may be documented in a Discretionary Advisory Services Agreement or in an addendum to a Non-Discretionary Advisory Services Agreement. The latter is typically used when the account owner wishes to have a portion of the assets in their portfolio managed on a discretionary basis by FPS, while having the remainder of their assets in the portfolio handled on a non-discretionary basis. In such a situation, the discretionary and non-discretionary assets are segregated in different accounts.

Regardless of whether a client chooses a discretionary or non-discretionary advisory relationship with FPS, the fee schedule discussed in Item 5 is the same. Where a client signs a discretionary addendum to a Non-Discretionary Advisory Services Agreement, the advisory fee with respect to the discretionary assets will be the same as stated in the Non-Discretionary Advisory Services Agreement, unless otherwise agreed in writing.

When FPS is granted discretionary authority over an account, it means that FPS is authorized to make investment decisions of all kinds, including, but not limited to, the purchase and sale of individual securities, in the account without consultation with, or direction from, the account owner(s).

## **Item 18      Voting Client Securities**

FPS does not vote client securities. Assets held at outside money managers or at mutual funds or insurance companies will be subject to the policies of those entities.

For assets held in FPS accounts, clients who have not opted out of letting their beneficial ownership of securities be known to the underlying companies will receive proxies either from the companies directly or from transfer agents or services retained by the companies. FPS plays no part in this process and disclaims any responsibility for the delivery or timeliness of delivery of proxy materials to securities owners. In the case of tender offers, FPS will follow the instructions of the owners of accounts holding the securities. Account owners should telephone FPS at 1-203-682-6550 or 1-800-288-5513 to inform FPS whether or not to tender securities subject to tender offers.

## **Item 19      Financial Information**

Registered investment advisers are required in this Item to provide certain financial information or disclosures about FPS's financial condition. FPS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

FPS has no disclosures to report.

FPS has no relationship with any issuers of securities, other than its parent company, Fieldpoint Private Bank & Trust, whose shares, as of the date of this Brochure, were not publicly traded.