

## Item 1: Cover Page

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

March 7, 2016

#### **Summit Capital Solutions, LLC**

CRD No. 281478

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This brochure provides information about the qualifications and business practices of Summit Capital Solutions, LLC. If you have any questions about the contents of this brochure, please contact 615-620-1865. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

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

## Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## **Item 4: Advisory Business**

### **A. Description of Your Advisory Firm**

Summit Capital Solutions, LLC ("Summit Capital" and/or "the firm"), a Tennessee limited liability company, is principally owned by Virtue Financial Holdings, LLC, which is owned by Matthew Rettich and Jeremy Rettich. Jeremy Rettich is the firm's president. Summit Capital has been offering investment advisory services since October 2015.

### **B. Description of Advisory Services Offered**

Summit Capital is an independent investment management firm providing asset management services as a sub-adviser to third-party investment advisers, who then offer such model portfolios to registered investment adviser firms subscribing to the third-party investment adviser's investment platform.

#### **B.1. Portfolio Management Services**

Summit Capital's portfolio management services are generally offered through third-party investment advisers on a sub-advised basis utilizing model portfolio strategies described in Item 8 of this brochure. Responsibility for determining whether Summit Capital's investment management services are appropriate for a particular client is vested exclusively with the investment adviser.

### **C. Client-Tailored Services and Client-Imposed Restrictions**

Summit Capital may develop customized portfolio holdings for the client. Clients select a category of risk based on an assessment of their individual risk tolerance and investment objectives, to which one or more model portfolios are then correlated. Clients may, however, impose reasonable restrictions on the management of their accounts—for example, restricting the type or amount of security to be purchased in the portfolio.

### **D. Wrap Fee Programs**

Summit Capital does not participate in wrap fee programs, but acts as a portfolio manager within third-party wrap fee programs. (Wrap fee programs offer services for one all-inclusive fee.)

### **E. Client Assets Under Management**

As of December 31, 2015, Summit Capital manages \$1,925,644 of discretionary assets and \$0 of non-discretionary assets.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Sub-Advisor - Portfolio Management Fees for Standard Model Portfolios

For clients who also retain the firm to provide portfolio management services, Summit Capital's fee schedule is computed on the basis of the market value of the client's portfolio assets, payable in arrears, and computed on the last business day of the preceding quarter. The quarterly fee is charged at one-fourth the annual rate.

Summit provides advice as a sub-advisor to other registered investment adviser firms. For these services, Summit receives a sub-advisory fee that will be determined in a sub-advisory agreement between the parties. This fee may range between 0.50% to 2.50%.

For investment management services, Summit Capital generally imposes a minimum account size of \$75,000 for all models portfolios except the Alternative Investment portfolio, which imposes a minimum account size of \$10,000. The account minimum may be waived by the firm in its sole discretion. Investment management fees are always subject to the sub-adviser agreement between the third-party investment adviser and Summit Capital as well as the investment advisory agreement between the client and Summit, if applicable. Fees are charged at the same frequency as the investment advisor charges their fees. The third-party investment adviser will compute the fees due Summit Capital on a quarterly basis and remit such fees to Summit Capital. The quarterly fees will be calculated the same way that the investment advisor calculates its fees. A sub-advisory agreement may be canceled at any time by the third-party investment adviser or by Summit Capital subject to the terms of the sub-advisory agreement. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be immediately due and payable.

### B. Client Payment of Fees

Summit Capital may be paid either directly by the third-party investment adviser pursuant to the terms of the written agreement between Summit Capital and the third-party investment adviser, or by directly debiting the client's custodian account as described below.

To the extent that the third-party investment adviser directs Summit Capital to directly debit fees from their client's custodian account, Summit Capital will do so provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying Summit Capital or their custodian in writing.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

### **C. Additional Client Fees Charged**

The fees charged by Summit Capital do not include fees charged by the client's third party investment adviser, if applicable, exchange-traded funds, mutual funds, or any broker-dealer or custodian selected by the client. In the case of an exchange-traded fund or mutual fund, fees and charges are disclosed in the respective fund's prospectus. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, the client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using Summit Capital may be precluded from using certain mutual funds because they may not be offered by the client's custodian. Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

### **D. Prepayment of Client Fees**

Depending on the terms of the advisor or sub-advisor agreement, Summit Capital may be paid in advance for its investment advisory services. An agreement may be canceled at any time by the third-party investment adviser or client or by Summit Capital subject to the terms of the advisory or sub-advisory agreement as applicable. Upon termination of any account, any unearned, prepaid fees will be promptly refunded, and any earned, unpaid fees will be immediately due and payable.

### **E. External Compensation for the Sale of Securities to Clients**

Other than as disclosed in Item 10 of this Brochure, Summit Capital's financial advisors are compensated solely through salary and bonus. Summit Capital is not paid any sales, service, or administrative fees for the sale of mutual funds or any other investment products.

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

Summit Capital does not charge performance-based fees and therefore has no economic incentive to manage clients' portfolios in any way other than what is in their best interests.



## **Item 7: Types of Clients**

Summit Capital is an independent investment management firm providing asset management services as a sub-adviser to various third-party investment advisers, which then offer such model portfolios to registered investment adviser firms subscribing to the third-party investment adviser's investment platform.

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

### **A. Methods of Analysis and Investment Strategies**

Summit Capital's methods of analysis may include fundamental and technical analysis, quantitative methods for optimizing client portfolios, computer-based risk/return analysis, and statistical and/or computer models utilizing long-term economic criteria. Summit Capital may employ outside vendors or utilize third-party software to assist in formulating investment services to clients.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.**

#### **A.2. Material Risks of Investment Instruments**

Summit Capital typically invests in the following, which are further detailed below:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds

##### **A.2.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

##### **A.2.b. Warrants and Rights**

Summit Capital may invest in warrants and rights. Warrants are securities, typically issued with preferred stock or bonds, that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends, and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse market conditions or other factors, and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

### **A.2.c. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

### **A.2.d. Exchange-Traded Funds ("ETFs")**

Summit Capital may invest in ETFs (which may, in turn, invest in equities, bonds and other financial vehicles). ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>"), iShares<sup>®</sup> and VIPERs<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

## **B. Investment Strategy and Method of Analysis Material Risks**

### **B.1. Summit Model Portfolio Strategies**

Summit Capital offers the following model portfolio strategies as further discussed below:

- **Stop Loss Conservative** - The Conservative Stop Loss Portfolio is a portfolio that is invested in 40% equities and 60% fixed income. Through active management, the portfolio will invest in either a 40% equity ETF position/60% fixed income ETF position or a 100% fixed income ETF position.
- **Stop Loss Moderate/Balanced** - The Moderate/Balanced Stop Loss Portfolio is a portfolio that is invested 70% in equities and 30% in fixed income. Through active management,

the portfolio will invest in either a 70% equity ETF position/30% fixed income ETF position or a 100% fixed income ETF position.

- Stop Loss Aggressive - The Aggressive Stop Loss Portfolio is a portfolio that is 100% equity based. Through active management the portfolio will invest in either a 100% equity ETF position or a 100% fixed income ETF position.
- Enhanced Yield Growth and Income ETF - The Enhanced Yield Growth and Income Portfolio seeks to provide above market income with capital appreciation as a secondary goal.

## **B.2. Leverage**

Although Summit Capital, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Summit Capital, will utilize leverage. In this regard, please review the following:

The use of leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment. The use of leverage entails borrowing, which results in additional interest costs to the investor. In addition, the use of leverage enhances the price volatility of the collateral securities which can result in significant loss.

Broker-dealers that carry customer accounts have a minimum equity requirement when clients utilize leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to satisfy a required margin deposit or withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

## **B.3. Short-Term Trading**

Although Summit Capital, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-velocity trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

#### **B.4. Short Selling**

Summit Capital generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the borrowed security.

#### **B.5. Technical Trading Models**

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry and sector performance.

#### **B.6. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Summit Capital as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases
- Option spreading

##### **B.6.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines

in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

#### **B.6.b. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **B.6.c. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **B.6.d. Option Spreading**

Option spreading may involve the purchase of a put option and the sale of a put option at a lower strike price. The purpose of this type of transaction is to allow the holder to hedge the underlying long security holding, and to offset the cost by selling the put option with a lower contract strike price. In this type of transaction, the spread holder “locks in” the maximum risk and profit of the option spread. The risk is defined as the net cost of the option spread, and the maximum profit is defined as the difference in contract process reduced by the net cost of implementing the spread. There are many variations of option spreading strategies; please contact the Options Clearing Corporation for a current Options Risk Disclosure Statement that discusses each of these strategies.

### **C. Concentration Risks**

There is an inherent risk for clients whose investment portfolios lack diversification—that is, they have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

Summit Capital has nothing to disclose for this item.

### **B. Administrative Enforcement Proceedings**

Summit Capital has nothing to disclose for this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

Summit Capital has nothing to disclose for this item.

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

### **A. Broker-Dealer or Representative Registration**

Summit Capital is not registered as broker-dealer and does not have an application to register pending.

Members and registered advisory personnel of Summit Capital may be registered representatives of Center Street Securities, a FINRA-registered broker-dealer and member of SIPC. Center Street Securities is a financial services company engaged in the sale of investment products. Center Street Securities is not affiliated with Summit Capital. As a result of Summit Capital members and registered professionals' affiliation with Center Street Securities, such professionals, in their capacity as registered representatives of the broker-dealer, are subject to the general oversight of Center Street Securities and the Financial Industry Regulatory Authority Inc. ("FINRA"). As such, clients of Summit Capital should understand that their personal and account information is available to Center Street Securities and FINRA for the fulfillment of their regulatory oversight obligations and duties.

### **B. Futures or Commodity Registration**

Summit Capital is not registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading adviser and does not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **C.1. Broker-Dealer Registration**

Managers, members, and registered personnel of Summit Capital may be associated persons of Center Street Securities, a FINRA-registered broker-dealer and member of SIPC. Center Street Securities is not affiliated with Summit Capital. Summit Capital professionals who effect transactions for advisory clients may receive transaction or commission compensation from Center Street Securities. The recommendation of securities transactions for commission creates a conflict of interest in that Summit Capital is economically incented to effect securities transactions for clients. Although Summit Capital strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of Summit Capital rather than in the client's best interest. Summit Capital advisory clients are not compelled to effect securities transactions through Center Street Securities.

#### **C.2. Virtue Capital Management, LLC**

Summit Capital is affiliated with Virtue Capital Management, LLC ("Virtue Capital"), a registered investment adviser. Clients should understand that Summit Capital does not offer separate account management services directly with end clients. Rather it may offer its services to clients



of registered investment advisers under a sub-adviser relationship with various investment platforms. As such, Summit Capital has an economic interest in recommending to potential end clients that they utilize the services of Virtue Capital. Such recommendation may be viewed as being in the best interests of Summit Capital rather than in the best interests of the client.

#### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Other than as described in Item 10.C. above, Summit Capital does not recommend separate account managers or other investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, Summit Capital has adopted policies and procedures designed to detect and prevent insider trading. In addition, Summit Capital has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the Chief Compliance Officer of the firm. Summit Capital will send clients a copy of its Code of Ethics upon written request.

Summit Capital has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, its affiliates, and its employees. For example, there are policies in place to prevent the misappropriation of material nonpublic information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Summit Capital does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory).

Summit Capital is affiliated with Virtue Capital Management, LLC. Clients should understand that Summit Capital does not offer separate account management services directly with end clients. Rather it offers its services exclusively to clients of registered investment advisers under a sub-adviser relationship with various third-party investment advisers. As such, Summit Capital has an economic interest in recommending to potential end clients that they utilize the services of Virtue Capital Management, LLC. Such recommendation may be viewed as being in the best interests of Summit Capital rather than in the best interests of the client.

### **C. Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Summit Capital, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which Summit Capital specifically prohibits. Summit Capital has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow Summit Capital's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Summit Capital, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other of the firm's clients. Summit Capital will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of Summit Capital to place the clients' interests above those of the firm and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian Recommendations

Summit Capital generally operates as a sub-adviser to various third-party investment advisers. All custodian recommendations are provided by the investment adviser subscribing to the third-party investment adviser's investment platform. Summit Capital uploads models to a third-party investment adviser platform, which effects the securities transactions through the platform sponsor's custodian.

Summit Capital participates in the institutional customer program of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance, and settlement of transactions. Summit Capital receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 of this Brochure.)

#### A.2. Soft Dollar Arrangements

Summit Capital does not utilize soft dollar arrangements. Summit Capital does not direct brokerage transactions to executing brokers for research and brokerage services.

#### A.3. Brokerage for Client Referrals

Summit Capital does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

#### A.4. Client-Directed Brokerage

Occasionally, clients may direct Summit Capital to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Summit Capital derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. Summit Capital loses the ability to aggregate trades with other Summit Capital advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

### B. Aggregating Securities Transactions for Client Accounts

#### B.1. Best Execution

Summit Capital, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount

of such securities. Summit Capital recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. Summit Capital will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, Summit Capital seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Summit Capital's knowledge, these custodians provide high-quality execution, and Summit Capital's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Summit Capital believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

## **B.2. Security Allocation**

Since Summit Capital may be managing accounts with similar investment objectives, Summit Capital may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Summit Capital in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Summit Capital's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. Summit Capital will follow procedures to ensure that allocations do not involve a practice of favoring or

discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Summit Capital's advice to certain clients and entities and the action of Summit Capital for those and other clients are frequently Summitd not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of Summit Capital with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Summit Capital to or on behalf of other clients.

### **B.3. Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Summit Capital believes that a larger size block trade would lead to best overall price for the security being transacted.

### **B.4. Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Summit Capital acts in accordance with its duty to seek best price and execution and will not continue any arrangements if Summit Capital determines that such arrangements are no longer in the best interest of its clients.

## **Item 13: Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Summit Capital's portfolio manager reviews his model portfolios on at least a monthly basis.

### **B. Review of Client Accounts on Non-Periodic Basis**

Summit Capital may perform ad hoc reviews on an as-needed basis if the client has imposed significant restrictions on Summit Capital's management of the account or if there have been material changes in how Summit Capital formulates investment advice or constructs its model portfolios.

### **C. Content of Client-Provided Reports and Frequency**

Summit Capital does not provide any performance or other reports to third-party investment advisers or any subscribing investment adviser firm. To the extent Summit may manage an individual client account, the client will receive no less frequently than quarterly a statement from the custodian indicating holdings, transactions, and cash balance. The custodian is the official record of the client's account.

## Item 14: Client Referrals and Other Compensation

### A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

#### A.1. TD Ameritrade

As disclosed under Item 12, Summit Capital participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade Institutional to clients for custody and brokerage services. There is no direct link between Summit Capital participation in the program and the investment advice it gives to clients, although the firm receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided either without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research related products and tools
- Consulting services
- Access to a trading desk serving our clients
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client's accounts)
- The ability to have advisory fees deducted directly from our client's
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees, and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third-party vendors

TD Ameritrade may also have paid for business consulting and professional services received by Summit Capital's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Summit Capital but may not benefit its clients' accounts. These products or services may assist Summit Capital in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Summit Capital manage and further develop its business enterprise. The benefits received by Summit Capital or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of its fiduciary duties to clients, Summit Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Summit Capital or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Summit Capital's choice of TD Ameritrade for custody and brokerage services.



**B. Advisory Firm Payments for Client Referrals**

Summit Capital does not pay for client referrals.

## Item 15: Custody

Summit has custody based upon its ability to directly debit fees. Please be advised that clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in their accounts.

## **Item 16: Investment Discretion**

Summit Capital uploads model portfolios to the third-party investment advisers. Although Summit Capital does exercise investment discretion, it does so only with respect to the composition of its model portfolios.

To the extent Summit accepts and manages individual separately managed accounts, Summit will exercise discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## Item 17: Voting Client Securities

Summit Capital does not take discretion with respect to voting proxies on behalf of its clients. Summit Capital will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of Summit Capital supervised and/or managed assets. In no event will Summit Capital take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, Summit Capital will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Summit Capital has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Summit Capital also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Summit Capital has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Summit Capital receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Summit Capital does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Summit Capital does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There are no bankruptcy petitions to report.