



D.B.A. OF

HENSLER & ASSOCIATES WEALTH MANAGEMENT, LLC

WRAP FEE PROGRAM BROCHURE

04/18/2018

12272 N. Fenton Road, Suite 7
Fenton, Michigan 48430
Telephone: 810-714-9456

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Sapphire Blue Investment Partners, LLC (hereinafter "Sapphire Blue"). If you have any questions about the contents of this brochure, please contact Andy Armstrong, Chief Compliance Officer, at 513-832-5385 or by email at andrew.armstrong@dinsmorecomplianceservices.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about the Firm is available on the SEC's website at www.adviserinfo.sec.gov.

Sapphire Blue is an SEC registered investment adviser. Registration does not imply any level of skill or training.

www.sapphireblueip.com

Item 2. Material Changes

This is the initial Wrap Fee Program Brochure for Sapphire Blue, therefore there are no material changes of note.

Important Information: Throughout this document Sapphire Blue will also be referred to as the “Firm,” “our,” “we” or “us.” These terms are utilized for the reader’s ease of use while reviewing the Brochure and are not meant to imply the Firm is larger than it may be at the time of publication. The client or prospective client may be also referred to as “you,” “your,” etc., and refers to a client engagement involving a single person as well as two or more persons or an organization. The term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (URLs, etc.).

Item 3. Table of Contents

Item 1. Cover Page	i
Item 2. Material Changes	1
Item 3. Table of Contents	1
Item 4. Services, Fees and Compensation	3
Item 5. Account Requirements and Types of Clients	6
Item 6. Portfolio Manager Selection and Evaluation	6
Item 7. Client Information Provided to Portfolio Managers	12
Item 8. Client Contact with Portfolio Managers	12
Item 9. Additional Information	12

Item 4. Services, Fees and Compensation

The Sapphire Blue Wrap Fee Program (the “Program”) is an investment advisory program sponsored by Sapphire Blue Investment Partners, LLC, a federally registered investment adviser that has been in business since March 2018.

This Wrap Fee Program Brochure describes the business of Sapphire Blue as it relates to clients receiving services through the Program. Certain sections also describe the activities of the Firm’s Supervised Persons, which refer to any officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees, or other persons who provide investment advice on Sapphire Blue’s behalf and are subject to the Firm’s supervision.

In addition to the Program, the Firm also provides financial planning, consulting, and investment management services under different arrangements than those described in this Wrap Fee Program Brochure. Information about these services is contained in Sapphire Blue’s Disclosure Brochure.

Description of the Program

The Program is offered as a wrap fee program. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of their transactions for a specified fee.

At the onset of the Program Sapphire Blue personnel conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk.

After an analysis of the relevant information, Sapphire Blue assists its clients in developing an appropriate strategy for managing their assets. Thereafter as part of the Program, Sapphire Blue will provide portfolio management services and/or will select from a range of portfolios managed by unaffiliated third party money managers (the “Independent Managers”). Sapphire Blue will allocate the client’s investment portfolio to Sapphire Blue and/or an Independent Manager. After the appropriate strategy or strategies have been determined and allocated amongst the Sapphire Blue and/or the Independent Investment Managers, Sapphire Blue will manage and continue to monitor the investments and, if determined necessary, rebalance the client’s portfolio based upon the client factors detailed above. In addition, depending on the engagement, Sapphire Blue may also provide clients with certain financial planning and/or consulting services.

Each client has the opportunity to place reasonable restrictions on the types of investments to be

held in the portfolio. The Independent Managers may reject restrictions, at their discretion, which may limited the options available for us to select from.

Fees for Participation in the Program

Program clients are charged a quarterly fee based on the accounts assets under management in the Program as of the close of business on the last day of t he preceding calendar quarter. The Program fees are calculated and paid quarterly in advance based. The Firm's annual fees for the Program are calculated at up a maximum of one-and-one-half percent (1.5%). This fee is prorated and billed quarterly in advance, based on the market value of the assets being managed by Sapphire Blue under Program on the last day of the previous quarter. For Program accounts opened or closed after the beginning of a new calendar quarter, our fees may be prorated.

Fee Comparison

A portion of the fees paid to Sapphire Blue are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios. The advisory fees of any utilized Independent Manager are not included within the Firm's fee. The fees charged by the Independent Managers range from .50% to .80% on an annualized basis and are in addition to the Program fee described above. When serving as a portfolio manager for any Program account Sapphire Blue does not receive any additional advisory fee, unlike an Independent Manager. See below for a description of additional fees and expenses that may be applicable to Program accounts.

Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. In addition, fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

Fee Discretion

Although Sapphire Blue believes that its fees are competitive, clients should understand that lower fees for comparable services may be available from other sources and firms. Generally Sapphire Blue's fees are not negotiable. However, Sapphire Blue reserves the right to negotiate fees under certain circumstances and at the sole discretion of Sapphire Blue.

Fee Debit

For operational efficiency, Sapphire Blue generally requires clients to have their advisory fees debited from their custodial account(s). In some situations, this may require setting up an account specifically for debiting fees. Both our client advisory agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount

of our advisory fee and to directly remit that advisory fee to us in compliance with regulatory procedures.

Terminations and Refunds

In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will initiate the process to close out your account and issue a pro-rata refund of unearned advisory fees, if any. For fees charged in arrears, you will be invoiced for all services provided.

Other Charges

In addition to the Independent Manager advisory fee described above, clients may pay charges imposed directly by a mutual fund, index fund, or exchange traded fund (see below for additional information), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included in, and are in addition to, the Program fees.

Client assets invested in mutual funds will be subject to certain fees and expenses imposed directly by mutual funds to their shareholders, which are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Accordingly, the client should review the fees charged by any mutual funds in which the client's assets are invested, together with the fees charged by Sapphire Blue, to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Independent Managers and Sapphire Blue are permitted to execute trades with broker-dealers other than TD Ameritrade. As such, they may determine to direct trades away from TD Ameritrade (step-out trades) when they conclude, in their sole discretion, that they will get best execution for a particular transaction through another financial institution. The Independent Managers and Sapphire Blue are required to take into account and consider, the execution costs that Program clients will incur in connection with any proposed step-out trades.

Additional Services

In limited circumstances, Program clients may request that Sapphire Blue provide advice on certain of their accounts that are not being actively managed through the Program. Depending on the services requested, Sapphire Blue may charge a fee for these services which will be negotiated with each client. Unlike the client's other accounts being managed through the Program, the client may incur separate securities brokerage commissions and transactional costs for these accommodation accounts.

Compensation for Recommending the Program

Sapphire Blue has no internal arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation.

Item 5. Account Requirements and Types of Clients

Types of Clients

The Program is generally made available to the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations; and
- Corporations, limited liability companies and/or other business types.

No Minimum Account Requirements

Currently Sapphire Blue does not have minimum account size requirements for the Program, however, Sapphire Blue reserves the right to accept or decline a potential client for any reason in its sole discretion. In addition, the client understands that asset withdrawals may impair the achievement of the client's investment objectives.

Item 6. Portfolio Manager Selection and Evaluation

For the Program, clients' investment portfolios are managed by Sapphire Blue and/or through the use of certain Independent Managers, as referenced above.

Selection or Recommendation of Independent Managers

Sapphire Blue evaluates various information about the Independent Managers in which it recommends or selects to manage client portfolios under the Program. The Firm generally reviews a variety of different resources, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves, and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposures. Sapphire Blue also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors.

Sapphire Blue generally monitors the performance of those accounts being managed by Independent Managers by reviewing the account statements and trade confirmations produced by the custodian(s), as well as other performance information furnished by the Independent Managers and/or other third-party providers. The Firm does not verify the accuracy of any such performance information and does not ensure its compliance with presentation standards. Clients are advised that any performance information they receive from the Independent Managers may not be calculated on a uniform and consistent basis. Clients should compare all supplemental materials with the account statements they receive from their respective custodians.

Sapphire Blue as Portfolio Manager

As referenced above, Sapphire Blue also serves as a portfolio manager for the Program. The investment performance of Sapphire Blue is reviewed and monitored by the management personnel of the Firm. In addition, the amount of fee earned by Sapphire Blue does not vary if Sapphire Blue serves as the portfolio manager for Program assets or selects an Independent Manager or Independent Managers to serve as the portfolio manager for Program assets. As described above in Item 4, the Program fees earned by Sapphire Blue do not include the advisory fees charged by the Independent Managers. Therefore, in determining whether or not to utilize an Independent Manager, Sapphire Blue is not presented with a financial conflict of interest.

Advisory Business

See Item 4 above for information regarding the Program, the services provided by Sapphire Blue as part of the Program and the fees and expenses associated with the Program. In addition to the Program, Sapphire Blue provides comprehensive portfolio management services for individuals, high net worth individuals, trusts, estates, charitable organizations, corporations, limited liability companies and/or other business types on a non-wrap fee program basis. Sapphire Blue additionally provides non-discretionary advisory services for retirement plans on a non-wrap fee program basis.

Sapphire Blue provides investment advisory services specific to the needs of each client. The selection of investment vehicles and/or Independent Managers may vary from one client to another. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Sapphire Blue will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). You may, at any time, impose reasonable restrictions, in writing, on our services.

Performance-Based Fees and Side-By-Side Management

Sapphire Blue does not charge performance-based fees (fees based on a share of capital appreciation / growth of the assets of a client, such as a hedge fund), nor do we offer side-by-side management (we do not manage any proprietary investment funds or limited partnerships). Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Methods of Analysis and Investment Strategies

When providing investment advice, we base our analysis on creating a diversified portfolio that is compatible with a client's goals, objectives, risk tolerance and time horizon for investment. Sapphire Blue utilizes primarily equities, mutual funds and exchange traded funds ("ETFs"). For mutual funds and ETFs, Sapphire Blue focuses on allocating among three main asset classes: equities; fixed income; and alternative investments, such as commodities and real estate investment trusts ("REITs"). Sapphire

Blue monitors clients' allocations and may reallocate investments in an effort to reduce risk and increase performance. Depending on its due diligence Sapphire Blue may invest significant positions in cash and/or fixed income securities as a possible hedge against market movement which we believe may adversely affect a client's portfolio. As described above, Sapphire Blue also utilizes the Independent Managers for portfolio management services for the Program. Sapphire Blue may sell certain investments for reasons that include, but are not limited to, overvaluation or overweighting of a position, change in the client's investment objectives and risk tolerance, and indications of severe and prolonged market downturns.

Client portfolios are generally diversified to increase the opportunity set to manage the risk associated with investing. Some portfolios may be constructed to suit a particular need and therefore may be less diversified. Sapphire Blue may utilize the following investment strategies when implementing investment advice given to clients:

Long Term Purchases (securities held at least a year): the intent of most of the securities Sapphire Blue purchases.

Short Term Purchases (securities sold within a year): sometimes result from our investment strategies. Securities sold within a year are caused by actions taken by Sapphire Blue (e.g. objectives met, tax loss harvesting, moving to another more attractively priced security, etc.), or actions taken by others (e.g. mergers and exchanges, instructions from the client, etc.).

Margin Transactions (use of borrowed assets to purchase securities): Margin is only used if so instructed by the client.

Options (contract for the purchase or sale of a security at a predetermined price for a specific period of time): Options and option strategies are rarely used, and only if so approved by the client.

Methods of analysis for securities include fundamental security analysis. Fundamental analysis examines a security's historical and forecasted data. For individual securities, fundamental security analysis involves analyzing financial statements, management, competitive advantages, competitors and markets.

Risk of Loss

Investing in securities involves a significant risk of loss which clients should be prepared to bear. Sapphire Blue's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

Generally, the market value of equity stocks will fluctuate with market conditions, and small-

stock prices generally will fluctuate more than large-stock prices. The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities.

Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and it may be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets. In addition, there is no assurance that a mutual fund or ETF will achieve its investment objective.

Past performance of investments is no guarantee of future results.

Additional risks involved in the securities recommended by Sapphire Blue may include, among others:

- **Stock market risk**, which is the chance that stock prices overall will decline. The market value of equity securities will generally fluctuate with market conditions. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of equity securities tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole. Equity securities generally have greater price volatility than fixed income securities.
- **Sector risk**, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- **Issuer risk**, which is the risk that the value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- **Non-diversification risk**, which is the risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- **Value investing risk**, which is the risk that value stocks may not increase in price, may not issue the anticipated stock dividends, or may decline in price, either because the market fails to recognize the stock's intrinsic value, or because the expected value was misgauged. If the market does not recognize that the securities are undervalued, the prices of those securities might not appreciate as anticipated. They also may decline in price even though in theory they are already undervalued. Value stocks are typically less volatile than

growth stocks, but may lag behind growth stocks in an up market.

- ***Smaller company risk***, which is the risk that the value of securities issued by a smaller company may go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market and issuer risk.
- ***Foreign (non-U.S.) investment risk***, which is the risk that investing in foreign securities may result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Risks associated with investing in foreign securities include fluctuations in the exchange rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the U.S. markets.
- ***Interest rate risk***, which is the chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.
- ***Credit risk***, which is the chance that an issuer of a fixed income security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that fixed income security to decline.
- ***Exchange Traded Fund risk***, which is the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.
- ***Management risk***, which is the risk that the investment techniques and risk analyses applied by Sapphire Blue may not produce the desired results and that legislative, regulatory, or tax developments, may affect the investment techniques available to Sapphire Blue. There is no guarantee that a client's investment objectives will be achieved.
- ***Real Estate risk***, which is the risk that an investor's investments in REITs or real estate-linked derivative instruments will subject the investor to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates,

zoning laws, regulatory limitations on rents, property taxes and operating expenses. An investment in REITs or real estate-linked derivative instruments subject the investor to management and tax risks.

- **Investment Companies (“Mutual Funds”) risk**, when an investor invests in mutual funds, the investor will bear additional expenses based on his/her pro rata share of the mutual fund’s operating expenses, including the management fees. The risk of owning a mutual fund generally reflects the risks of owning the underlying investments the mutual fund holds.
- **Commodity risk**, generally commodity prices fluctuate for many reasons, including changes in market and economic conditions or political circumstances (especially of key energy-producing and consuming countries), the impact of weather on demand, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation (agricultural, trade, fiscal, monetary and exchange control), international politics, policies of OPEC, taxation and the availability of local, intrastate and interstate transportation systems and the emotions of the marketplace. The risk of loss in trading commodities can be substantial.
- **Cybersecurity risk**, which is the risk related to unauthorized access to the systems and networks of Sapphire Blue and its service providers. The computer systems, networks and devices used by Sapphire Blue and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or other compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issues of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions; and other parties. In addition, substantial costs may be incurred by those entities in order to prevent any cybersecurity breaches in the future.

Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk. Sapphire Blue does not guarantee the future performance of a client’s portfolio, as investing in securities involves the risk of loss that clients should be prepared to bear.

Voting Client Securities

Sapphire Blue does not accept the proxy authority to vote client securities. Clients will receive

proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to Sapphire Blue, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations. However, Sapphire Blue will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

In addition, clients maintain exclusive responsibility for all legal proceedings or other type events pertaining to their account assets, including, but not limited to, class action lawsuits.

Item 7. Client Information Provided to Portfolio Managers

Clients participating in the Program generally grant Sapphire Blue the authority to discuss certain non-public information with the Independent Managers engaged to manage their accounts. Depending upon the specific arrangement, the Firm may be authorized to disclose various personal information including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers and account numbers. Sapphire Blue may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the Independent Managers' investment decisions remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary to the management of its clients' portfolios. Please refer to any Independent Manager's privacy policy if you are concerned about the privacy of any non-public information a Independent Manager retains.

Item 8. Client Contact with Portfolio Managers

There are no restrictions on clients' ability to contact and consult with Sapphire Blue. Clients are always free to directly contact the Independent Managers with any questions or concerns they have about their portfolios or other matters.

Item 9. Additional Information

Disciplinary Information

Sapphire Blue and its employees have not been involved in any legal or disciplinary events related to past or present activities.

Financial Industry Activities and Affiliations

Certain personnel of Sapphire Blue also are investment adviser representatives of Summit Financial Group, Inc., a registered investment adviser, and/or are registered representatives of Summit Brokerage Services, Inc., a FINRA member broker-dealer. Summit Financial Group and Summit Brokerage Services

are under separate ownership from Sapphire Blue. In the capacity of an investment adviser representative of Summit Financial Group and/or as a registered representative of Summit Brokerage Services, such personnel may offer advisory services, securities or alternative investments and receive normal and customary fees or commissions as a result of these transactions. In addition, these individuals will receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. As a result of certain personnel of Sapphire Blue being registered representatives of Summit Brokerage Services, Summit Brokerage Services may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about clients, even if a client does not establish an account through Summit Brokerage Services. Summit Brokerage Services has this access to information so as to fulfill its regulatory obligations under the rules of the Financial Industry Regulatory Authority ("FINRA") that are applicable to Summit Brokerage Services. If you would like a copy of the Summit Brokerage Services privacy policy, please contact Summit Brokerage Services directly.

Clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest, and may affect the judgment of these individuals when making recommendations. Sapphire Blue and Summit are separate, nonaffiliated entities. Nevertheless, to the extent that a Sapphire Blue representative recommends the purchase of securities or other investment products where the representative receives commissions for doing so, a conflict of interest exists because the representative may be incentivized to make recommendations based on the compensation received rather than on a client's needs.

Certain personnel of Sapphire Blue also are licensed insurance agents appointed with various life, health and disability insurance companies. There are times when Sapphire Blue personnel recommend the purchase of certain insurance products to Sapphire Blue clients as part of their financial plan. Upon purchase, the Sapphire Blue personnel in his/her capacity as an insurance agent will receive normal and customary commissions.

Sapphire Blue has adopted certain procedures designed to mitigate the effects of these conflicts. As part of our fiduciary duty to clients, the Firm and our representatives endeavor at all times to put the interests of the clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients through this Brochure, client agreement and/or verbally prior to or at the time of entering into a client agreement. Clients are not obligated to implement recommended transactions through any Sapphire Blue representative or any particular broker-dealer or insurance carrier. Clients have the option to purchase any recommended investment and insurance products or services through brokers, carriers, or agents other than Summit or any Sapphire Blue personnel.

Sapphire Blue clients should understand that lower fees and/or commissions for comparable services may be available from other broker-dealers, insurance carriers and investment advisers.

Code of Ethics

Code of Ethics Summary

Sapphire Blue has adopted a Code of Ethics ("Code") which establishes standards of conduct for our Supervised Persons and includes general requirements that such Supervised Persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of

interest and confidentiality of client information. It contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Firm or any of our associated persons. The Code also requires that certain of Sapphire Blue personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

The Code also requires Supervised Persons to report any violations of the Code promptly to the Firm's Chief Compliance Officer ("CCO"). Each Supervised Person receives a copy of the Code and any amendments to it and must acknowledge in writing having received the materials. Annually, each Supervised Person must certify that he or she complied with the Code during that year.

A complete copy of Sapphire Blue's Code of Ethics is available to any client or prospective client upon request to Andy Armstrong at the contact information provided at the beginning of this Brochure.

Participation or Interest in Client Transactions

It is Sapphire Blue's policy not to enter into any principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Sapphire Blue or individuals associated with Sapphire Blue may buy or sell for their personal account(s) securities or investment products identical to those recommended to or already owned by clients. Alternatively, Sapphire Blue may cause clients to buy a security in which Sapphire Blue or such individuals have an ownership position. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Nevertheless, such practices present potential conflicts of interest. To mitigate these conflicts, the Code outlines the procedures regarding personal trading that must be followed (see details below). Additionally, as part of the Firm's fiduciary duty to clients, the Firm and its Supervised Persons will endeavor at all times to put the interests of the clients first and at all times are required to adhere to the Code.

Personal Trading

The Firm and its Access Persons may invest personally in securities of the same classes as are purchased for clients and may own securities of the issuers whose securities are subsequently purchased for clients. Sapphire Blue understands that this could create a conflict of interest, where the Access Person's interest may be at odds with the interest of our clients. To help mitigate these conflicts of interest, the Code sets forth certain standards of business and professional conduct regarding the personal trading activities of Access Persons. The following summarizes our procedures for the purchase and/or sales of securities held within personal accounts.

- Sapphire Blue requires quarterly reporting of all personal securities transactions with the exception of certain exempt transactions and securities (such as

government securities, open end mutual funds and money market funds). Access Persons, or those persons with a beneficial interest such as immediate family members, may not buy or sell securities for their personal portfolio(s) where their decision is derived in whole, or in part, by material non-public information.

- Security holdings and financial circumstances of clients must be kept confidential.
- Sapphire Blue and its Access Persons may not participate in private placements and initial public offerings (IPOs) without pre-clearance from the CCO.
- Records will be maintained of reportable securities bought or sold by Access Persons and will be reviewed periodically by designated Firm personnel.
- Any individual not in observance of the above may be subject to termination.

Account Reviews

Account reviews are conducted on a periodic, and no less than annual, basis by our representatives. All clients are advised that it remains their responsibility to advise Sapphire Blue of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Sapphire Blue on at least an annual basis.

Sapphire Blue may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections, cash flows into and out of an account, and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian. Sapphire Blue may also provide a written periodic report summarizing investment results.

Client Referrals and Other Compensation

Economic Benefits Received

Selecting a Brokerage Firm

Currently, Sapphire Blue participates in the institutional adviser program offered by TD Ameritrade Institutional, a division of TD Ameritrade, Inc. member FINRA/SIPC/NFA ("TD Ameritrade") and an unaffiliated SEC-registered broker-dealer, and recommends that its Program clients custody their assets with TD Ameritrade. TD Ameritrade provides services which include custody of securities, trade execution, clearance and settlement of transactions. Sapphire Blue receives some benefits from TD Ameritrade through its participation in the institutional adviser program. As part of its institutional services, TD Ameritrade does not charge custodial fees to a client as long as the account's transactions are placed with TD Ameritrade for execution. TD Ameritrade charges a

transaction fee/commission per transaction for each client account, which pursuant to the Program are included in the Program fee. The commissions and/or transaction fees charged by TD Ameritrade may be higher or lower than those charged by other financial institutions.

Factors considered by Sapphire Blue in recommending TD Ameritrade as custodian for client accounts are based on, but not limited to, the reasonableness of transaction fees charged by TD Ameritrade, product availability, quality of executions, research and other services available to both the client and Sapphire Blue.

While there is no direct link between the investment advice given to clients and our recommendation to use the custodial services of TD Ameritrade, certain benefits are received by Sapphire Blue due to this arrangement that typically are not available to TD Ameritrade retail investors. Please see below for a detailed description of the services and benefits received by us.

Research and Additional Benefits

As noted above, Sapphire Blue participates in the TD Ameritrade institutional program and generally recommends that Program clients use TD Ameritrade as their custodian and broker of record. While there is no direct link between the investment advice given to clients and Sapphire Blue's recommendation to use TD Ameritrade as their custodian, certain benefits are received by Sapphire Blue, due to this arrangement, that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Sapphire Blue by third party vendors. Many of these services, though not all, may be used to service all or a substantial number of Sapphire Blue's accounts, including accounts not maintained at TD Ameritrade. These products and services may benefit Sapphire Blue but may not benefit our clients' accounts. TD Ameritrade also makes available to Sapphire Blue other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, TD Ameritrade may make available, arrange and/or pay for these types of services rendered to Sapphire Blue by independent third parties. TD Ameritrade may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Sapphire Blue.

In addition, TD Ameritrade has agreed to reimburse Sapphire Blue clients for any exit and transfer fees imposed by Summit Brokerage Services for any client transferring an account from Summit Brokerage Services to TD Ameritrade. This benefit is being

provided by TD Ameritrade only to Sapphire Blue customers transferring from Summit.

The benefits described above do not depend on the amount of brokerage transactions directed to TD Ameritrade. In addition, there is no corresponding commitment made by Sapphire Blue to TD Ameritrade to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of participation in the program/receipt of benefits. While as a fiduciary, we endeavor to act in our clients' best interests, our recommendation that clients maintain their assets in accounts at TD Ameritrade may be based in part on the benefit to Sapphire Blue of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by TD Ameritrade. The receipt of these benefits may create a potential conflict of interest and may indirectly influence Sapphire Blue's choice of TD Ameritrade for custody and brokerage services.

Referral Fees

Currently Sapphire Blue does not utilize, nor pay referral fees to independent solicitors for referral of their clients to the Firm.

Other Compensation

As noted above, certain personnel of Sapphire Blue engage in insurance agent activities, investment adviser representative and registered representative activities for the unaffiliated investment adviser Summit Financial Group, Inc. and the unaffiliated broker-dealer Summit Brokerage Services, Inc. See Item 9 for information regarding insurance agent, investment adviser representative and broker-dealer registered representative activities.

Financial Information

Sapphire Blue is not required to disclose any financial information pursuant to this item due to the following:

- Sapphire Blue does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of rendering services;
- Sapphire Blue is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts; and
- Fred Hensler filed a Chapter 11 bankruptcy petition in the US Bankruptcy Court, Flint, Michigan, Eastern District of Michigan on November 13, 2008. The petition was filed pursuant to the advice of counsel related to the filing of a contested lawsuit by a former employer of Fred Hensler. Specifically, Fred Hensler was advised by his corporate legal counsel to file the petition to thwart any additional action by the former employer. The filing was discharged by the court effective January 21, 2014. All creditors had been made whole prior to the discharge date.