

# Form ADV Part 2A & 2B

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Bristlecone Advisors, LLC



BRISTLECONE

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ADVISORS

Item 1 – Cover Page

## Bristlecone Advisors, LLC

10900 NE 4<sup>th</sup>, Suite 2260

Bellevue, WA 98004

206.664.2500

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

This brochure provides important information about the qualifications and business practices of Bristlecone Advisors, LLC (“Bristlecone”). If you have any questions about the contents of this brochure, please contact Kevin Berry, Chief Compliance Officer, at 206.664.6810 or via email to [kevin.berry@bristleconeadvisors.com](mailto:kevin.berry@bristleconeadvisors.com).

Bristlecone is registered as an investment adviser with the United States Securities and Exchange Commission (“SEC”). Registration with the SEC does not imply any level of skill or training. Please note, the information in this brochure has not been approved or verified by the SEC or by any state securities regulatory authority.

Additional information about Bristlecone is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## Item 2 – Material Changes

Since our last ADV amendment was filed on March 13, 2020, our principal office on record has been changed from Seattle to Bellevue. Both offices remain open and fully staffed to serve our valued clients.

Bristlecone will update this brochure (a) annually and (b) promptly when certain information becomes materially inaccurate. We will provide our clients with a summary of any material changes to this and subsequent brochures by April 30<sup>th</sup> of each year. You can request our brochure at any time by contacting Kevin Berry, Chief Compliance Officer, at 206.664.6810 or at [kevin.berry@bristleconeadvisors.com](mailto:kevin.berry@bristleconeadvisors.com).

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## Item 4 – Advisory Business

### Firm History and Principal Owners

Bristlecone Advisors, LLC (“Bristlecone” or “we”) is an independent registered investment adviser specializing in providing investment advisory and family office services to high net worth individuals and families. Founded in April 1999, the firm is distinguished by its focus on unbiased research, exceptional client service, and the delivery of high-quality, customized advisory solutions for our clients.

Bristlecone is comprised of 19 experienced team members, including eleven owners/partners:

Kevin Berry	Christopher Taylor
Larry Kinner	Tony Waltier
Kevin McCandlish	Joseph Winkler
Jeff Parker	Scott Oswald
Stephanie Fox	Adam Guenther
Justin Rolfe	

We operate out of two offices in the state of Washington. Our Bellevue and Seattle offices, respectively, are located as follows:

10900 NE 4th Street, Suite 2260	999 3 <sup>rd</sup> Avenue, Suite 600
Bellevue, WA 98004	Seattle, WA 98104

### Assets Under Management

As of December 31, 2019, we managed \$1,333,778,076 in assets, of which all were classified as discretionary.

### Advisory Services

Given the customized nature of Bristlecone’s services, the processes described below are not required for every client account. Furthermore, it is not anticipated that accounts having identical or substantially similar investment objectives will have identical or substantially similar investment portfolios. Differing investment portfolios can be expected as the result of several factors, including, without limitation, the following:

- pre-existing (or “legacy”) portfolio exposures;

- different investment decisions made by different, internal advisory teams assigned to the clients;
- regulatory constraints that apply to certain accounts but not to others;
- investment constraints imposed by the client; and
- the amount of cash available for investment at certain times.

As a result of factors such as these, accounts may have a different investment portfolio (and, as a result, different performance results) from other accounts even though the accounts have substantially similar investment objectives. Advisory teams are authorized to invest the assets of accounts for which they have investment responsibility in a wide range of underlying investments. In addition, there may be circumstances when one account will sell a security while another account may purchase the security on the same day.

#### Investment Advisory Services

Bristlecone offers its portfolio management services on both a discretionary and non-discretionary basis. The latter requires Bristlecone to obtain your specific consent to each transaction, while the former does not. Non-discretionary clients may forego a particular recommended transaction, or a particular transaction may be delayed, if Bristlecone cannot obtain your prior consent.

Each client is assigned to an “advisory team”, which is involved in every stage of the investment process through the life of the client relationship. The advisory teams work together, under the purview of the Investment Committee (“IC”), to provide the client investment advisory services. The advisory team is primarily responsible for making all portfolio recommendations or decisions on behalf of its clients. We offer wealth management services, which combine financial planning concepts with investment management. Our advisory process typically encompasses the following steps:

1. Understand the Client and the Asset Base: Bristlecone works closely with the client to understand (among other elements) the following:
  - a. Family priorities;
  - b. The current portfolio structure and managers;
  - c. Income needs;

- d. Tax status;
  - e. Family structure; and,
  - f. Estate planning strategies and structures.
2. Design the Portfolio: Bristlecone creates a portfolio that seeks the right balance of risk and return on an after-tax and after-fee basis. The design is then formalized in an “investment policy statement” (“IPS”). At some point during this stage, we may use third-party software to obtain and chart various statistics for differing time periods, asset allocation structures, and potential capital market environments. Designing the portfolio is a multi-faceted task, which can include (among other elements) an understanding and articulation of the following:
- a. Asset allocation (at multiple levels);
  - b. Asset location (e.g., selecting the appropriate accounts for specific investments); and,
  - c. Client-imposed constraints (e.g., avoiding certain stocks or sectors), including unmanaged assets.
3. Select Traditional and Alternative Managers and/or Equities: Bristlecone often recommends managed investment products, such as mutual funds, exchange traded funds (ETFs), separate account managers, hedge funds, funds-of-funds, and private equity partnerships. It is important to note that we not only seek to identify best-of-breed managers, but we seek to combine them in a thoughtful manner that creates an optimal portfolio. We also use individual equities and fixed income securities when constructing portfolios, as appropriate to the client and their investment preferences. Our proprietary equity strategy is based on proactive management of a diversified portfolio of high quality companies. We blend a top-down, macroeconomic review with bottom-up, fundamental research. The top-down view includes an analysis of domestic and international economies, interest rate and currency trends, and additional metrics. The bottom-up fundamental research focuses on several quantitative and qualitative measures of a stock, in addition to its valuation relative to its history, its peers, and the overall market.

Employing a truly “open architecture” approach, we endeavor to select the investment strategies in each asset class to achieve your strategic portfolio. Our in-house manager research efforts are augmented by a number of systems, tools and data bases, including Bloomberg market research, Morningstar, and MPI (Markov Process International).

4. Implement the Decisions: This step represents the transition from your current holdings and managers toward the recommended portfolio. Rather than forcing a transition for the sake of expediency, we take a reasoned approach that considers taxes, trading costs, and market timing risks.
5. Monitor and Report on the Portfolio: Bristlecone monitors client accounts on an ongoing basis and provides regular and comprehensive investment composition and performance reports. When appropriate, Bristlecone will implement subsequent modifications to the portfolio (e.g., manager changes, tactical asset allocation tilts).

### Family Office Services

Upon request, Bristlecone will provide our clients with “family office services” – which may be comprehensive or may be limited in scope. We are flexible in creating customized service solutions, which may include some (or all), of the following:

1. Personal Accounting and Banking: We can manage all of your personal accounting and banking activities, such as cash flow forecasts, bill paying, and credit facilities.
2. Tax Planning and Administration: We can track each element of your tax situation. We also will work with your external tax professional to improve the efficiency and the effectiveness of your tax planning and preparation.
3. Strategic Philanthropy: We can help you achieve your philanthropic goals through advice on optimal funding strategies, the establishment of gifting plans, and grant-making administration.
4. Risk Management: We can work with you and your other professional advisors to ensure you have appropriate level of insurance coverage. We can also manage claims you may experience.
5. Estate Planning: We can work with your estate planning attorney to coordinate, implement, manage and report on your trusts and estate plans.
6. Real Asset Management: We can manage activities associated with your large assets (e.g., real estate, boats, airplanes), including entity creation (as necessary), human resource management, and budgeting.

### Execute Custom Analysis / Projects

We may provide other services relating to the evaluation and management of investment programs and strategies, as requested by a client. Such services are customized meaning there



is no standardized analysis or project service. These customized services may include, but are certainly not limited to: cash flow management; tax management / planning; financing alternatives; among others.

### **Item 5 – Fees and Compensation**

Our annual advisory fee is generally based upon a percentage of the market value of assets placed under our management. The annualized fee (the “Fee”) for the advisory services to be provided by Bristlecone Advisors is set forth in the agreement we have with you. Client’s actual fee may be higher or lower than the standard fee schedules below, based on a number of factors including but not limited to: the number of accounts / portfolios, size of the aggregate assets under management, relationship to other clients or accounts, complexity and scope of arrangement, or the potential for additional contributions or assets managed, among others.

Our advisory fee is inclusive of all our investment and wealth management services. Our standard annual client advisory Fee Schedule is as follows:

<b><u>Assets Managed</u></b>	<b><u>Annual Advisory Fee</u></b>
First \$3.0 million	1.00%
Next \$2.0 million (up to \$5 million)	0.80%
Next \$5.0 million (up to \$10 million)	0.60%
Assets over \$10 million	0.50%
Assets over \$100 million	Negotiated on all assets

If a client needs extensive family office services, additional fees may apply.

For certain larger accounts comprised only of fixed income assets, the following Fixed Income Fee Schedule may apply:

<b><u>Assets Managed</u></b>	<b><u>Annual Advisory Fee</u></b>
First \$5.0 million	0.45%
Next \$5.0 million (up to \$10 million)	0.35%
Assets over \$10 million	0.25%

These fee schedules are “tiered.” As an example, for a non-fixed income account or relationship, a \$4 million portfolio would be charged 1.00% on the first \$3 million of assets and 0.80% on the next \$1 million. For fixed income only accounts / relationships, the fee is 0.45% on the first \$5 million, 0.35% on the amount over \$5 million, etc.

Some of our clients may be grandfathered under a lower fee structure, or have been provided material discounts from the above stated fee schedule.

Billing: Fees are generally billed quarterly in advance. The fees for each full calendar quarter are based upon the average of the daily values (over the previous quarter) of the account(s) assets as determined by our portfolio accounting system, and are billed on the first day of the new calendar quarter. Upon termination of an Advisory Agreement we will calculate the pro-rated refund of pre-paid and un-earned fees based upon the average of the daily balance of the account(s) through the date of termination. This refund of pre-paid and unearned fees is delivered promptly (within 30 days or less) after the termination date.

For new accounts / relationships, advisory fees are charged in advance based upon the inception value of the accounts as we determine. The inception date follows our entry into an Advisory Agreement with you. We determine the inception date when we believe, in our best judgment, that the account(s) are fully funded or nearly fully funded. The fee is pro-rated for the number of days remaining in the opening calendar quarter that we provide our services to you.

Fee Payment; Direct Debit of the Advisory Fee: In the Advisory Agreement with us, you authorize Bristlecone to directly debit our advisory fees from your custodial accounts. We typically send the debit request to your independent, qualified custodian, within 15 days following the end of each calendar quarter. If requested, we will provide you with an itemized statement following each direct debit request we make to your custodian. The Advisory Agreement also gives us the authority and discretion to create liquidity sufficient to pay these fees. Upon client request, we may use household accounts for the purpose of calculating fees. For multi-account relationships, fees may be paid out of a designated account.

Termination: An advisory relationship with us can be canceled at any time, by either party, for any reason upon written notice (as documented in our written agreement with you). Upon

termination of any agreement, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Valuation: Bristlecone charges our advisory fees and reports performance on your accounts based upon the total value of your accounts as follows:

1. For marketable securities, the prices provided by a leading vendor, which provides our portfolio accounting system) and your custodians, are used for client reporting and fee billing.
2. If your account(s) include illiquid private securities (e.g., real estate, equity or hedge funds) the investment value for the current quarter is based upon the most recent valuation data provided to us by our client (through statements) or as provided directly to us by the issuer of the securities (if not held in your custodial account). Updates to these valuations may lag by a month or more from the issuer of the security (or other custodian, if applicable), plus or minus capital calls and distributions as documented in the valuation / statement. As a result, we will use the carry value from the previous quarter until an updated and current valuation is provided.
  - a. The financial information provided by the private funds themselves (generally, on a quarterly basis) will be used, along with net fund cash flows that occurred between the financial statement date and our billing date, as the basis for client reporting and fee billing (where a client pays an asset-based fee).
  - b. The valuations may be modified lower by Bristlecone, in its sole discretion, if and to the extent that we shall determine that such modifications are advisable in order to reflect material impairment from market, liquidity conditions, or other factors affecting value.
3. Unmanaged Assets: As a service to certain clients, we may provide you with quarterly or periodic reports reflecting the value of assets we include in our portfolio accounting system. These assets, as indicated in your IPS, are included in the report and segregated as “unmanaged” on the report. This means that the value of these unmanaged assets is:
  - a. Not included in fee calculations; and,
  - b. Are not included in the performance of your account(s) we manage, and
  - c. Bristlecone does not provide management services for these assets.

**Execute Custom Analysis / Projects:** When requested by a client, the fees charged for customized analysis or projects may be quoted on a fixed / project fee basis; or on an hourly basis. As these are customized services and separate from the other services we provide to clients, the fees, including hourly fees will vary by client and by project.

Project or fixed fees are negotiated based on an assessment / estimate of total time to complete the analysis or project. These custom analyses or projects may be negotiated for current clients at any time. Fees for these services are billed as we negotiate with you. Fees may be charged as a retainer with the balance due upon completion of the analysis or project; monthly as we deliver the results / recommendations, or as we mutually agree.

**Other Fees or Expenses Paid in Connection with our Services:** All fees paid to Bristlecone for advisory services do not include the fees and expenses charged by the third party investment managers recommended by Bristlecone (e.g., mutual funds, ETFs, investment limited partnerships). Such fees are typically described in each investment fund's prospectus or offering documents and generally include a separate management fee, fund expenses (e.g., administration, audit, accounting, legal, etc.), and a possible distribution fee.

Bristlecone's fees also do not include fees charged by third party financial institutions for such services as custody, brokerage, or wire transfers (among others). You should review all such fees charged by these service providers in addition to the fees charged by Bristlecone to fully understand the total amount of fees that you pay for our investment management services.

**Independent / Objective Advice:** As an independently owned and operated investment advisor, we are not affiliated with any broker-dealer; we do not participate in soft dollar programs (under which broker-dealers provide investment advisers with research, software, computers or other benefits for directing client trades to the broker-dealer to execute for a fee). Additionally, we do not receive direct or indirect compensation from broker-dealers or from investment managers or investment products that we may recommend or which our clients may use, although Bristlecone and our clients may receive certain economic benefits from our participation in a service program offered by Charles Schwab and Company, Inc. (Please see Item 12, Brokerage, below). We may also receive economic and market research from fund managers, including Goldman Sachs and J.P. Morgan. Any funds offered to clients from such managers are subject to the same due diligence and assessment as all other fund managers that Bristlecone uses for our clients.

Family members and friends of employees may receive the same advisory services we provide to clients (as described in this brochure) for no fee or at fee schedules that are lower than those available to clients.

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

Bristlecone does not charge performance-based fees to any client.

#### **Item 7 – Types of Clients**

We provide our portfolio management and family office services to:

- High net worth individuals
- Individuals
- Family entities
- Foundations
- Trusts
- Charitable institutions
- Corporate pension, profit sharing, and 401(k) plans

We generally require that each client relationship has assets of at least \$2 million. We may make exceptions to this minimum account requirement at any time, in our sole discretion.

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

Analysis and Information: We offer comprehensive wealth management services, which combine both financial planning concepts with investment management. We work with you to clarify and fully understand your current financial situation and goals. We then suggest an investment management program personalized to your needs and your ability to endure market changes.

Asset allocation provides the essential framework for implementing a diversified portfolio. We believe that asset allocation, when properly supported by effective implementation, manager

selection, and discipline, is the most critical factor in determining long-term and near-term investment performance. In our experience, it is also a useful tool to reduce portfolio risk and volatility over long periods of time and in most environments.

Manager Selection: As part of our services, we make recommendations regarding the hiring and termination of investment managers and their products. Our goal is to build client portfolios that include diversified investment manager products, typically in the form of institutional share class mutual funds, exchange traded funds (ETFs), separately managed accounts, and/or limited partnerships (e.g., private equity funds). Our intention is to use managers and products that we have fully vetted and that have been approved by our Investment and Equity Committee(s).

In evaluating investment managers and their products for our approved list, we employ a thorough manager evaluation process that is structured to consistently evaluate not only the traditional “Five Ps” (i.e., philosophy, process, personnel, portfolio, and performance), but four more – equally important – elements: passion, perspective, purpose, and progress. Our informed qualitative approach, along with quantitative analytical tools, allows us to measure the soundness of our investment managers’ overall philosophy and process. Specifically, our due diligence process generally involves, among other things, a review of managers’ Form ADVs, past performance, performance literature, and interviews with portfolio managers and key personnel. It is important to note that not all managers or products recommended by Bristlecone are or were evaluated under the current due diligence process or any formalized due diligence process. This can occur when a client brings legacy holdings to a new account, or directs us to trade on their behalf. Bristlecone retains the discretion, based on our experience and knowledge, to determine the level of due diligence appropriate for each manager and/or product.

Bristlecone Individual Equity Portfolios: Bristlecone’s individual equity strategy is based on proactive management of a diversified portfolio of high quality companies. We blend a top-down, macroeconomic review with bottom-up, fundamental research. The top-down view includes an analysis of domestic and international economies, interest rate and currency trends, employment, inflation, money supply and additional metrics. The bottom-up fundamental research focuses on several quantitative and qualitative measures of a stock, in addition to its valuation relative to its history, its peers, and the overall market. Our strategy attempts to exceed benchmark returns through tactical asset allocation, portfolio customization and tax efficiencies.

Equity selection decisions are made by the Investment & Equity Committee, which is comprised of portfolio managers, capital markets investment principals, and security traders. The committee meets regularly, and ad-hoc as necessary, to review the portfolio weightings, returns, and updates pertaining to earning releases or other material events. To formulate our analysis, the equity team conducts in-house research, and uses a number of research sources, including Bloomberg, Morningstar, MPI (Markov Process International) and analytic research from a variety of sources and individuals.

### Portfolio Construction

We carefully construct all client portfolios using a rigorous, team-based approach. Portfolios are customized based on each client's investment objective, utilizing the optimum blend of asset classes including equities across domestic, international, large mid, and small-cap stocks; taxable and tax-exempt fixed income; plus additional asset classes such as REITS, MLPs, and alternative funds (both liquid and ill-liquid alternatives). The mix of these investments depends on each client's goals and may include individual securities, mutual funds/exchange traded funds, or third party investment advisers, i.e., separate account managers. This means that not all portfolios will be identical, and that each security may be bought and sold at different times based upon client preference and individual tax considerations.

For some clients, a portfolio of individually managed equities may be appropriate. Generally, the portfolio needs to be large enough to achieve diversification of the equities included in the portfolio, which means that approximately \$1MM should be employed in the asset class devoted to large cap equities.

Individually managed equities may have the following benefits:

1. Flexible sector allocation, which permits us to overweight or underweight a particular sector (such as energy, or finance) based upon macroeconomic factors that are trending up or down;
2. Active tax management through proactive capital gain and loss—we might offset a large gain with losses that exist elsewhere in the portfolio in an attempt to achieve superior after-tax returns;
3. Customized sector weightings-- if a client has a concentrated position or wants to restrict additional purchases in that position (e.g. avoid purchases of AMZN if a

large legacy position is already held) including the ability to diversify by using the legacy position as collateral for margin, which is then asset allocated for appropriate diversification

4. Additionally, with individual equity management, cumulative fees may be lower, as the fees charged within mutual funds and exchange-traded funds are avoided. However, clients will incur trading costs associated with security transactions.

Sources of Information: As discussed above, Bristlecone employs a due diligence process to evaluate managers, individual equities and bonds, and other investment products. This process may include information gleaned from a wide variety of sources including (but not limited to):

- Bristlecone's internal database of investment manager research
- Bloomberg market research
- Morningstar
- MPI (Markov Process International)
- Economic research from a leading market experts and leading financial institutions
- Sophisticated institutional investors (e.g., senior investment professionals from endowments and foundations)
- Financial newspapers and journals
- Academic white papers

To the extent Bristlecone employs third party investment databases; we do not independently audit or verify the performance figures or other information reported by the funds or managers to these databases.

Risk of Loss: Investments in securities always carry the potential for the risk of loss of your invested assets. To be clear: your decision to invest in securities carries the potential for a loss of your invested assets (your principal amount) or any appreciation of your holdings that have not been realized. Losses in an investment portfolio are a potential event you should be prepared to bear.

We do not represent to any client, either directly or indirectly, any level of performance or any representation that our professional services will not result in a loss to your invested assets. We



do our very best to manage risk exposures and to prevent losses; however, securities are subject to market volatility.

Other Risks: A client's investment portfolio is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic conditions, changes in laws, and national and international political circumstances. A sample of common risks with respect to investing in managed investment products such as separate accounts, mutual funds, exchange traded funds, private funds, etc., follows.

- Bristlecone does not control the investment decisions of managed investment products.
- Investing in multiple managed investment products could cause a client to hold opposite positions in an investment. This decreases or eliminates the possibility of positive returns from such investment.
- Certain managed investment products, such as private funds, are illiquid. In addition, certain private funds may invest in illiquid securities (such as other private funds). This means that redemptions may not be permitted and could be delayed depending on the nature of the private fund.

Underlying Manager Methods of Analysis, Investment Strategies, and Risk: Investment managers and products that we recommend utilize a variety of investment strategies and methods of analysis in selecting their underlying securities. In addition, each of our recommended managers is subject to multiple and different risks based upon a number of factors. A thorough disclosure of each manager's investment strategies and methods of analysis and the risks to which their strategies and products are subject can be found in the applicable prospectus, confidential offering memorandum or other offering document for each manager's investment product. We recommend that you review these documents in their entirety and discuss them with your legal advisors.

### Item 9 – Disciplinary Information

As a registered investment adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our team.

As of the date of this Part 2A brochure, Bristlecone does not have any information applicable to this requirement for the firm or its team members.

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

Bristlecone and our employees are not affiliated with or employed by any other financial services company. We provide only the advisory services as described in this Brochure.

Joseph Winkler, Partner, is a Certified Public Accountant. However, readers should not construe that Bristlecone Advisors, as a firm, functions as an accounting firm or prepares tax returns for its clients.

### Item 11 – Code of Ethics

As required by regulation (SEC Rule 204A-1), Bristlecone has developed and adopted a Code of Ethics to oversee potential and actual conflicts of interest associated with the investment advice we provide to you. Our Code establishes rules of conduct for employees, sets forth the high ethical standards of business conduct that we require, and is based upon the principal that Bristlecone and our team members owe a fiduciary duty of loyalty, fairness, and good faith to our clients. Our Code of Ethics is designed to preclude activities which may lead to, or give the appearance of, conflicts of interest. We protect our clients by educating our employees as to our expectations and the laws, rules, and regulations governing our business and deterring and detecting potential misconduct.

Specifically, the Code sets forth (among other items) policies regarding employee personal securities transactions, and the receipts and giving of gifts and entertainment. In addition, Bristlecone has policies and procedures with respect to protecting client information and not sharing this information with nonaffiliated third parties. Per the Code, Bristlecone employees are required to report violations of the Code to our Chief Compliance Officer in a timely manner.

Our Code of Ethics provides that our employees may, at times, buy or sell securities (or related securities) that have been recommended to you. Further, employees may transact in a security for their personal accounts at or about the same time that Bristlecone recommends or invests in that same security for clients. However, it is our policy that conflicts that may negatively impact the execution price of our client trades shall be avoided to the greatest extent possible. Employees must report their personal investment holdings and securities transactions to Bristlecone initially upon hire, annually and quarterly. The Chief Compliance Officer reviews these reports for compliance with the Code.

All Bristlecone team members must agree to and sign a statement of understanding / compliance for our policies and procedures (including the Code), initially upon hire, at least on an annual basis and whenever the Code is materially updated.

A copy of our Code of Ethics is available to our clients and prospective clients. You may request a copy by contacting Kevin Berry, Chief Compliance Officer, at 206.664.6810 or via email at [kevin.berry@bristleconeadvisors.com](mailto:kevin.berry@bristleconeadvisors.com).

## Item 12 – Brokerage Practices

### Brokerage Practices

Bristlecone seeks to select a custodian/broker that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. In this effort, we periodically evaluate our primary custodian/broker to ensure that the overall relationship is satisfying certain key criteria, including:

- Reasonableness of transaction fees and charges
- Timeliness of execution and settlement
- Timeliness and accuracy of trade confirmations
- Quality and responsiveness of service team
- Client reporting capability
- Custody services provided
- Financial condition
- Business reputation
- Research and industry expertise

Bristlecone has negotiated a favorable pricing schedule for clients with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab" or "Schwab Institutional"), a Financial Industry Regulatory Authority (FINRA)-registered broker-dealer, member Securities Investor Protection Corporation (SIPC), to maintain custody of clients' assets, to effect trades for their accounts, and to facilitate margin loans.

Bristlecone generally recommends that clients establish brokerage accounts with Schwab. Bristlecone does not share in commissions generated by client trades executed at Schwab. Bristlecone has managed client assets held at Schwab for many years and has found Schwab to offer good services at competitive prices. Although Bristlecone may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab or another custodian of the client's choice. Bristlecone is independently owned and operated and not affiliated with Schwab.

Bristlecone may continue to hold a security in one client account while selling it for another client account. This occurs when client guidelines, risk tolerances, or tax considerations mandate a sale for a particular client. In some cases, consistent with client objectives and risk, Bristlecone may purchase a security for one client while selling it for another.

Client trades may be executed at different times at different prices due to the timing of advisor team recommendations, certain security liquidity constraints, and specific client objectives, risk tolerances, or tax considerations.

Bristlecone and/or our clients may receive certain products and services from Schwab free of charge or at discounted rates including, but not limited to, the following:

- Access to Schwab Institutional trading and custody services, through its Advisor Services group, which are typically not available to Schwab retail investors
- The execution of securities transactions
- Custodial services for client assets at no direct charge
- Research on business management, compliance and securities
- Compliance, business and legal consulting

- Publications and conferences on practice management, industry trends, best practices or business succession
- Access to employee benefits providers and human capital consultants
- Access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment
- Schwab's products and services that assist Bristlecone in managing and administering clients' accounts include software and other technology that:
  - Provide access to client account data (such as trade confirmations and account statements);
  - Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
  - Delivery of client service, including money movement, research, problem resolution and transactional support;
  - Provide research, pricing and other market data;
  - Facilitate payment of Bristlecone's fees from your custodial accounts; and
  - Assist with back-office functions, recordkeeping and client reporting.
- Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of Bristlecone personnel.

Bristlecone does not believe that clients whose accounts are held by Schwab bear any additional costs in connection with Bristlecone's receipt of the products and services. However, Bristlecone would not receive these products and services if client accounts were not held in custody and traded by Schwab. In evaluating whether to recommend that clients custody their assets at Schwab, Bristlecone may take into account the availability of those benefits received as described above as part of the total mix of factors we consider. Our evaluation is not solely the cost or quality of brokerage services provided by Schwab, which may create a potential conflict of interest between our recommendation of Schwab and your selection of Schwab as your custodial broker-dealer.

The availability of the services from Schwab listed above benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services so long as we keep a minimum of \$10MM of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions

or assets in custody. (This \$10MM threshold is separate from the disclosure listed under financial information). The \$10MM million minimum may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above) and not Schwab's services that benefit only us. We have \$1,333,778,076 in client Assets Under Management as of 12/31/2019, and do not believe that maintaining at least \$10MM of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Notwithstanding the above, in 2016 we committed to place an additional \$50MM of assets under management relating to the onboarding of clients by a new partner, in custody with Schwab. In exchange for this business, Schwab agreed to pay certain account-closing costs charged by the firm from which these accounts were being transferred. This arrangement benefits our clients directly and the closing fees are passed on to them. Bristlecone does not receive any of the fee rebate.

### **The Selection of Prime Brokers**

Bristlecone can typically trade accounts held at Schwab using other broker-dealers, on a prime broker basis. However, Schwab charges our clients a trade-away fee when trading on a prime broker basis (for accounts that qualify) of \$25.00 per account, per transaction which may offset any benefits from trading stocks, bonds or ETFs with other brokers or dealers.

### **Best Execution Reviews**

On an annual basis, Bristlecone evaluates the execution services provided by Schwab (and prime brokers used, if any) to validate best execution for our client's' transactions. We will utilize a number of reports and internal assessments in conducting our best execution reviews. These include reports and information provided by Schwab and prime brokers used (if any) which allows us to objectively assess, the execution of your transactions we place on your behalf. Historically, Bristlecone has concluded that Schwab is as good as, or better than its peers we have evaluated in this space. In 2016, we negotiated a reduction in Equity Trading Fees, from \$8.95 per trade to \$6.95 per trade. In 2019, Schwab subsequently further reduced equity trades to \$0 per trade.

However, there may still be trading costs associated with execution of Schwab trades with third parties utilized to carry out trades.

### **Aggregated Trades / Block Trading**

When transacting in certain publicly traded equity securities (e.g., individual securities, bonds or ETFs), Bristlecone may aggregate (block) client trades in the same security at the same time. We do this in an effort to achieve best execution through larger blocks providing us the opportunity to negotiate price.

Clients participating in a block order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually.

If an order is partially filled, clients will have their orders fully filled on a prorated basis; Bristlecone will seek to complete any unfilled client orders on the next trading day. If employee transactions are included in a block, all client trades are completed in full prior to any employee / personal or family accounts.

### **Prohibited Brokerage Practices**

Agency or Agency Cross Transactions: Bristlecone, itself, does not place or instruct brokers to execute cross or agency cross transactions between your account(s) and the accounts of other clients. We cannot accomplish these transactions because we are not a broker-dealer or affiliated (under common control or ownership) with a broker-dealer. Cross transactions and agency cross transactions are generally defined as transactions that are sold from one client account and purchased into another client account.

### **Trade Errors**

Bristlecone requires that its personnel carefully implement investment management decisions. Nevertheless, if a trade error occurs, it is Bristlecone's policy that the error be corrected as soon as possible and in such a manner that the affected client is not disadvantaged and bears no loss. We attempt to minimize trade errors by:

- a. Promptly performing electronic reconciliation procedures with order tickets and intended orders; and,
- b. By reviewing past trade errors to understand whether internal control breakdowns, if any, caused the errors.
- c. Bristlecone utilizes an efficient trading platform that provides individual account holdings, ticker symbols and market pricing, which will further minimize the potential for trade errors.

If Bristlecone inadvertently makes a trading error in your account(s), we may place a correcting trade with your account Custodian (Schwab). If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account, and Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisors will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

### Item 13 – Review of Accounts

Bristlecone reviews client portfolios on an ongoing basis to ensure that investment allocations are aligned with each client's individual circumstances and are consistent with our assessment of market conditions. In addition, reviews may also be triggered, among other things, by: changes in a client's financial situation, client requests, or unforeseen changes in capital markets or tax laws. Investment Principals and Advisory Team members assigned to the client relationship manage the account review process.

Clients receive account statements directly from their qualified custodian on at least a quarterly basis. Bristlecone may supplement these custodial statements with reports provided quarterly, during client meetings or as requested. We expect to meet with you at least once annually, but more often quarterly, as well as have other contact by voice or email more frequently throughout the year.



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

Bristlecone does not directly or indirectly pay any entity or person for client referrals. We also do not receive (directly or indirectly) any commissions or fees from brokers, dealers or custodians

#### Item 15 – Custody

We do not generally take custody of your funds or securities. However, per the SEC's definitions, we technically have custody of some client assets (e.g., through the direct debiting of our advisory fees). The direct debiting of our advisory fees from your custodial account does not require us to disclose this activity as custody in our Form ADV Part 1 or here.

We also have "custody" for some of our clients through our bill-paying service or our principals serving as the trustee of a client's trust, as examples. Bristlecone has retained Smith Bunday Berman Britton, P.S. ("SBBB") to conduct an annual surprise examination of client accounts in which Bristlecone has custody of client assets. Direct debiting accounts (as described above) are not included in the surprise annual inspection. As a result, SBBB will file a Form ADV-E with the SEC each calendar year upon completion of the surprise annual inspection.

Clients should receive at least quarterly statements from the broker-dealer, bank, or other qualified custodian that holds and maintains clients' investment assets. Bristlecone urges our clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to clients. Our investment reports may vary from custodial statements based on accounting procedures, reporting dates, trade settlement dates, or valuation methodologies of certain securities. We are happy to investigate any differences you encounter and recommend that you inform us of such discrepancies.

1. If you do not receive your monthly brokerage statement, you should contact the Custodian immediately.
2. Custodians do not verify the accuracy of fee calculations. Please review the fees charged by Bristlecone for accuracy.

## Item 16 – Investment Discretion

We usually receive discretionary authority from our clients at the outset of an advisory relationship; this makes us responsible for selecting the identity and amount of securities to be bought or sold in your accounts. In all cases, however, such discretion is to be exercised in a manner consistent with your stated investment objectives as outlined in your investment policy statement. You will need to execute a limited power of attorney to permit us to trade in your accounts.

When selecting securities and determining amounts, we observe the investment policies, limitations, and restrictions that you and we have discussed and agreed upon, including unmanaged securities, if any. We document those policies and investment guidelines in an investment policy statement, which we will periodically review with you.

It is your responsibility to promptly notify us if there is a material change in your financial situation or investment objectives. It is necessary that you keep us promptly informed about changes in your financial circumstances for the purpose of reviewing, evaluating, and/or revising our previous recommendations to you.

Because we manage more than one account and have many clients with varying circumstances, there may be conflicts of interest over time devoted to managing any one account and allocating investment opportunities among all the accounts we manage. For example, we may select investments for a particular client based solely on the investment strategy being pursued for that client. Different clients may have differing investment strategies and expected levels of trading. We may buy or sell a security for you but not for another client, or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client.

Clients who engage us on a nondiscretionary investment advisory basis must be willing to accept the related risks by knowing that we cannot effect any account transaction without first obtaining the client's prior (verbal or written) consent. Although we do not currently have any client relationships managed on a nondiscretionary basis, we offer this feature to clients who prefer this form of portfolio management.

### Item 17 – Voting Client Securities

We are responsible for voting securities held in client accounts unless (a) the client prefers to maintain voting responsibilities, or (b) the client directs a third party account sub-advisor (e.g., a separate account manager) to vote securities pertaining to a specific account. We consider it to be our fiduciary duty to preserve and protect our clients' assets including voting proxies for our clients' exclusive benefit. We vote proxies in accordance with our Proxy Voting Guidelines.

Clients, however, maintain exclusive responsibility for all legal proceedings and other similar types of events pertaining to your account assets, including, but not limited to, class action lawsuits.

We maintain a record pertaining to our proxy voting as is required under the Advisers Act. Information pertaining to how we voted on any specific proxy issue, as well as a copy of our Proxy Voting Guidelines, is available from our Chief Compliance Officer upon request.

### Item 18 – Financial Information

We are unaware of any financial condition that is reasonably likely to impair our ability to meet our contractual and fiduciary commitments to our clients, and we have not been the subject of a bankruptcy petition at any time during our history.

Some of the products, services and other benefits provided by Schwab benefit Advisor and may not benefit Advisor's client accounts. Advisor's recommendation or requirement that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to Advisor, or Advisor's agreement to maintain certain Assets Under Management at Schwab, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

Advisor places trades for its clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Advisor may use broker-dealers other than Schwab to execute trades for client accounts maintained at Schwab, but this practice may result in additional costs to clients so that Advisor is more likely to place trades through Schwab rather than other broker-dealers. Schwab's execution quality may be different than other broker-dealers.

## Part 2B of Form ADV -- Brochure Supplement

This brochure supplement provides information about certain Bristlecone's team members, including the Partners and Principals listed below. We include this Part 2B with our Part 2A brochure. The list below denotes our office locations and where each Bristlecone professional spends the majority of his/her time.

### **Belleuve**

10900 NE 4<sup>th</sup> Street, Suite 2260  
Bellevue, WA 98004  
206.664.6813

Kevin Berry  
Chris Taylor  
Anthony Waltier  
Stephanie Fox

### **Seattle**

999 3rd Avenue, Suite 600  
Seattle, WA 98104  
206.664.2500

Kevin McCandlish  
Larry Kinner  
Jeff Parker  
Joseph Winkler  
Adam Guenther  
Scott Oswald  
Justin Rolfe

You should have received a copy of the Part 2A brochure as we include these supplements with all copies. Please contact Kevin Berry, CCO, if you did not receive Bristlecone's brochure, or if you have any questions related to the brochure or this supplement.

## **Kevin S. Berry: Educational Background and Business Experience**

**Born:** 1956

### **Education After High School:**

BA Economics – University of California, Santa Barbara (1978)

### **Employment History, Past Five Years:**

Bristlecone Advisors – April 2010 to Present

Bank of America, N.A. – June 1978 to April 2010

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Kevin S. Berry is supervised by Chris Taylor. Chris can be reached at 206.664.6813 or via email at [chris.taylor@bristleconeadvisors.com](mailto:chris.taylor@bristleconeadvisors.com).

## **Larry Kinner, CFA<sup>1</sup>: Educational Background and Business Experience**

**Born:** 1953

### **Education After High School:**

BA Business Administration-Accounting – University of Washington (1975)

MBA-Finance – University of Washington (1977)

### **Employment History, Past Five Years:**

Bristlecone Advisors – March 2015 to Present

Harris Private Bank/BMO Private Bank – June 2009 to March 2015

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Larry Kinner is supervised by Kevin Berry. Kevin may be reached at 206.664.6813 or via email at [kevin.berry@bristleconeadvisors.com](mailto:kevin.berry@bristleconeadvisors.com).

<sup>1</sup> See the Appendix at the end of this brochure for additional information pertaining to the Chartered Financial Analyst certification.

## **Kevin McCandlish: Educational Background and Business Experience**

**Born:** 1959

### **Education After High School:**

None.

### **Employment History, Past Five Years:**

Bristlecone Advisors – March 2015 to Present

Harris Private Bank/BMO Private Bank – June 2009 to March 2015

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Kevin McCandlish is supervised by Kevin Berry. Kevin may be reached at 206.664.6813 or via email at [kevin.berry@bristleconeadvisors.com](mailto:kevin.berry@bristleconeadvisors.com).

**Jeff K. Parker, CFP®<sup>2</sup>: Educational Background and Business Experience**

**Born:** 1967

**Education After High School:**

BA - Willamette University (1989)

**Employment History, Past Five Years:**

Bristlecone Advisors – March 2015 to Present

Harris Private Bank/BMO Private Bank – June 2009 to March 2015

**Disciplinary Information**

None.

**Other Business Activities**

None.

**Additional Compensation**

None.

**Supervision**

Jeff K. Parker is supervised by Kevin Berry. Kevin may be reached at 206.664.6813 or via email at [kevin.berry@bristleconeadvisors.com](mailto:kevin.berry@bristleconeadvisors.com).

<sup>2</sup> See the Appendix at the end of this brochure for additional information pertaining to the Certified Financial Planner® designation.



## **Justin Rolfe, CFA<sup>3</sup>: Educational Background and Business Experience**

**Born:** 1980

### **Education After High School:**

BA Finance & Philosophy – Seattle Pacific University (2004)

### **Employment History, Past Five Years:**

Bristlecone Advisors – August 2019 to Present

Bank of America, N.A. – June 2010 to August 2019

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Justin Rolfe is supervised by Kevin Berry. Kevin may be reached at 206.664.6813 or via email at [kevin.berry@bristleconeadvisors.com](mailto:kevin.berry@bristleconeadvisors.com).

<sup>3</sup> See the Appendix at the end of this brochure for additional information pertaining to the Chartered Financial Analyst certification.

## **Christopher J. Taylor: Educational Background and Business Experience**

**Born:** 1966

### **Education After High School:**

BA Economics - University of Washington (1989)

### **Employment History, Past Five Years:**

Bristlecone Advisors – April 2010 to Present

Bank of America, N. A. – September 1989 to April 2010

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Christopher J. Taylor is supervised by Kevin Berry. Kevin can be reached at 206.664.6813 or via email at [kevin.berry@bristleconeadvisors.com](mailto:kevin.berry@bristleconeadvisors.com).

## **Anthony D. Waltier: Educational Background and Business Experience**

**Born:** 1962

### **Education After High School:**

BA Business – Gonzaga University (1985)

### **Employment History, Past Five Years:**

Bristlecone Advisors – April 2010 to Present

Bank of America, N.A. – January 1986 to April 2010

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Anthony D. Waltier is supervised by Kevin Berry. Kevin may be reached at 206.664.6813 or via email at [kevin.berry@bristleconeadvisors.com](mailto:kevin.berry@bristleconeadvisors.com).

## **Joseph B. Winkler, CPA, CFP®<sup>4</sup>: Educational Background and Business Experience**

**Born:** 1962

### **Education After High School:**

BA – Washington State University (1986)

MBA – University of Washington (1999)

### **Employment History, Past Five Years:**

Bristlecone Advisors – October 2015 to Present

UBS – June 2010 to September 2015

Bank of America – August 1995 to June 2010

Price Waterhouse – 1991 to 1995

### **Disciplinary Information**

None.

### **Other Business Activities**

Joe is a CPA, and engaged in the activity of preparing tax returns and consulting on tax related matters for family and friends. Some family members for whom Joe has prepared tax returns, have become clients of Bristlecone; he has also prepared tax returns for clients on a very limited basis. In no case does Bristlecone, as a firm, prepare any tax returns. Joe is also an owner in SJT Cellars LLC, which is engaged in retail sales of wine and champagne.

### **Additional Compensation**

None.

### **Supervision**

Joseph B. Winkler is supervised by Kevin Berry. Kevin may be reached at 206.664.6813 or via email at [kevin.berry@bristleconeadvisors.com](mailto:kevin.berry@bristleconeadvisors.com).

<sup>4</sup> See the Appendix at the end of this brochure for additional information pertaining to the Certified Financial Planner® designation.

## **Adam Guenther, CFA<sup>5</sup>: Educational Background and Business Experience**

**Born:** 1979

### **Education After High School:**

BA, Accounting; Finance, Western Washington University, 2003

### **Employment History, Past Five Years:**

Bristlecone Advisors, Sr. Associate – 09/2011 to Present

US Trust, Portfolio Manager Associate – 04/2010 to 09/2011

WMS Financial Planners, Financial Planner – 08/2006 to 05/2009

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Adam Guenther is supervised by Kevin Berry. Kevin may be reached at 206.664.6813 or via email at [kevin.berry@bristleconeadvisors.com](mailto:kevin.berry@bristleconeadvisors.com).

<sup>5</sup> See the Appendix at the end of this brochure for additional information pertaining to the Chartered Financial Analyst certification.

**Scott D. Oswald, CFA, CAIA<sup>6</sup>: Educational Background and Business Experience**

**Born:** 1977

**Education After High School:**

BA Finance – Syracuse University (2000)

Masters in Business Administration – University of Washington (2006)

**Employment History, Past Five Years:**

Bristlecone Advisors – July 2006 to Present

**Disciplinary Information**

None.

**Other Business Activities**

None.

**Additional Compensation**

None.

**Supervision**

Scott A. Oswald is supervised by Kevin Berry. Kevin may be reached at 206.664.6813 or via email at [kevin.berry@bristleconeadvisors.com](mailto:kevin.berry@bristleconeadvisors.com).

<sup>6</sup> See the Appendix at the end of this brochure for additional information pertaining to the Chartered Financial Analyst and Certified Alternative Investment Analyst certifications.

## **Stephanie B. Fox: Educational Background and Business Experience**

**Born:** 1980

### **Education After High School:**

Bachelor of Arts – University of Washington (2003)

### **Employment History, Past Five Years:**

Bristlecone Advisors – April 2010 to Present

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Stephanie B. Fox is supervised by Kevin Berry. Kevin may be reached at 206.664.6813 or via email at [kevin.berry@bristleconeadvisors.com](mailto:kevin.berry@bristleconeadvisors.com).

## **APPENDIX - CFA Institute Designation Statement**

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

There are currently more than 90,000 CFA charter holders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

### **High Ethical Standards**

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charter holders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

### **Global Recognition**

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charter holders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

### **Comprehensive and Current Knowledge**

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).



## APPENDIX - CFP® Certification Designation Statement

The Certified Financial Planner (CFP®) designation is a professional certification mark for financial planners, administered by CFP Board in the United States. It represents individuals who have met the high standards of competency and ethics established and enforced by CFP Board, and have agreed to adhere to the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence when dealing with clients.

Certified Financial Planner Board of Standards, Inc. (CFP Board) was founded in 1985 as a 501(c)(3) non-profit organization that serves the public interest by promoting the value of professional, competent and ethical financial planning services, as represented by those who have attained CFP® certification.

### Requirements

CFP® professionals must meet several requirements:

- *Education* - the completion of a college-level program of study in personal financial planning, or an accepted equivalent. You must also have earned a bachelor's degree (or higher) from a regionally-accredited college or university.
- *Examination* - The CFP® Certification Examination is a multi-session, multi-day exam. It is designed to assess your ability to apply your financial planning knowledge to financial planning situations
- *Work Experience* - CFP Board requires you to have three years of professional experience in the financial planning process, or two years of apprenticeship experience that meets additional requirements. Qualifying experience may be acquired through a variety of activities and professional settings including personal delivery, supervision, direct support or teaching.
- *Ethics* - agree to adhere to the high standards of ethics and practice outlined in CFP Board's Standards of Professional Conduct and to acknowledge CFP Board's right to enforce them through its Disciplinary Rules and Procedures.

To maintain certification, license holders are required to complete 30 hours of continuing education (CE) accepted by the CFP Board every two years.

To learn more about the CFP® certification, visit [www.cfpboards.net](http://www.cfpboards.net).

## APPENDIX – CAIA Association Designation Statement

The Certified Alternative Investment Analyst (CAIA) program comprises a two-tier exam process through which one may earn the CAIA charter, the designation for alternative investment professionals offered by the CAIA Association. The CAIA charter is the global mark of distinction in alternative investments.

**Global Recognition:** The CAIA Association offered its first exam in February 2003; thousands of individuals from over 80 countries have registered for the program. Candidates from thousands of financial institutions have taken the exams, including prime brokers and banks; advisory, consulting, asset management, and accounting firms; public and private pensions, foundations, family offices, insurance companies, professors and industry regulators.

The Level I exam is composed of 200 multiple-choice questions, which measure candidates' knowledge of the CAIA Level I curriculum. The Level I curriculum introduces candidates to alternative asset classes and discusses potential benefits of allocating to actively managed investment strategies. Candidates are asked to distinguish among various alternative investment strategies and products and to understand the difference between alternative investments and traditional products. Specific knowledge areas include: professional standards and ethics, alpha drivers and beta drivers, real estate, hedge funds, commodities and managed futures, private equity, and credit derivatives.

The Level II exam is composed of 100 multiple-choice questions and three sets of constructed-response (essay-type) questions, which measure candidates' knowledge of the CAIA Level II curriculum. The Level II curriculum builds on candidates' understanding of various asset classes and focuses on specific trading strategies, asset allocation in a multi-asset framework, and various methods for accessing alternative asset classes. Through the Level II curriculum, candidates gain deeper understanding of risk management techniques and tools as well as various structured products. Specific knowledge areas include: professional standards and ethics; private equity; commodities and managed futures; real assets; hedge funds; structured products; asset allocation and portfolio management; risk and risk management; manager selection, due diligence, and regulation; and research issues and current topics.

The right to use the CAIA designation is earned by (1) successfully completing the CAIA program (i.e., passing both the Level I and Level II exams) and (2) becoming a member of the CAIA Association. To qualify for membership in the Association, a person must fulfill all the following requirements:

1. Pass the Level I and Level II exams.
2. Hold a U.S. bachelor's degree or the equivalent, and have more than one year of professional experience, or alternatively have at least four years of professional experience.\*
3. Submit payment for the annual CAIA Association membership fee.
4. Agree on an annual basis to abide by the Member Agreement.

Membership is the final requirement for individuals who wish to use the CAIA designation.

