

## PINNACLE INVESTMENTS, LLC

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

March 15, 2021

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This brochure provides information about the qualifications and business practices of Pinnacle Investments, LLC. If you have any questions about the contents of this brochure, please contact us at (315) 251-1101 and/or [compliance@pinnacleinvestments.com](mailto:compliance@pinnacleinvestments.com).

Current copies of this brochure are available online at:  
[www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links](http://www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links)

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 Pinnacle Investments, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We are dually registered with FINRA & SEC, although registration does not imply a certain level of skill or training.

## **Item 2: Material Changes**

There were no material changes in Pinnacle Investments, LLC in 2020.

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## **Item 4: Advisory Business**

Pinnacle Investments, LLC ("Pinnacle Investments") is a dually registered Broker-Dealer ("BD") and Registered Investment Adviser ("RIA").

Pinnacle Investments is a member firm of FINRA and SIPC. We were founded in the year 1995 and are organized as a limited liability company under the laws of New York State. Our fiscal year ends in the month of December each year.

Pinnacle Investments is 100% owned by Pinnacle Holding Company, LLC which is organized as a limited liability company. There are no individual owners of 25% or more of Pinnacle Holding Company, LLC. FKAPI, Inc., a domestic entity, owns 25% or more of Pinnacle Holding Company, LLC.

Pinnacle Investments provides continuous and regular supervisory or management services to securities portfolios. As of January 30, 2020, assets under management ("AUM") managed on a discretionary basis was \$803,802,836 while AUM managed on a non-discretionary basis was \$10,906,164.

Pinnacle Investments in conjunction with our Investment Advisor Representatives ("Pinnacle IAR") offers the following advisory services: financial planning, portfolio management for individuals and/or small businesses, selection of other advisers, investment advisory service, and investment advice through consultation not included in aforementioned services.

### **Mutual Funds and Exchange-Traded Funds in Advisory Programs**

Mutual fund companies typically offer multiple share classes of each of their mutual funds with varying levels of fees and expenses. Mutual funds or share classes offered through our advisory Programs are not necessarily the least expensive. Investing in mutual funds will generally be more expensive than other investment options available in your advisory account, such as ETFs. In addition to the Program fee, you will also bear a proportionate share of each fund's expenses, including investment management fees that are paid to the fund's investment adviser. These expenses are an additional expense to you and not covered by the Program fee; rather, they are embedded in the price of the fund. You should carefully consider these underlying expenses, in addition to the Program fees, when considering any advisory Program and the total compensation we receive. Other funds and share classes may have different charges, fees, and expenses, which may be lower than the charges, fees, and expenses of the funds and share classes made available in the Program. An investor who holds a less-expensive share class of a fund will pay lower fees over time - and earn higher investment returns - than an investor who holds a more expensive share class of the same fund.

Pinnacle Investments may use some or all of the following factors when determining if a wrap-fee program is in the best interest of the client including trading activity, custody fees, portfolio management and client service fees. Pinnacle Investments pays portfolio managers up to 100% of the Wrap-fee paid by clients.

### **AdvisorPro**

Pinnacle IARs may provide investment advisory services to your account on a discretionary basis in their role of Portfolio Manager. Based on your investment objectives and individual needs your Portfolio Manager will have discretion to manage your assets. Pinnacle Investments' Portfolio Managers maintain any required industry examinations and registrations. Individual Portfolio Managers may develop specific investment strategies using a mix of analytic methods. Such strategies ordinarily include long-term and short-term securities purchases and, depending on your objectives and the Portfolio Manager's investment philosophy, supplemental covered option writing in addition to the long positions of calls and/or puts. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short-sale transactions. Due to any number of factors, including timing of deposits, investment selection process or investment needs, certain clients may receive different execution prices and investment results. Accounts are managed on a discretionary basis.

### **Pinnacle Capital Management**

Pinnacle Capital Management, LLC ("PCM") was founded in August 2006 and is a wholly owned subsidiary of Pinnacle Holding Company, LLC. PCM is organized as a Delaware limited liability company. PCM has one office located in Fayetteville, New York.

PCM provides investment supervisory services and offers advice on:

- equity securities (exchange-listed securities, securities traded over-the-counter, foreign issuers)
- corporate debt securities
- commercial paper
- certificates of deposit (bank CDs)
- municipal securities
- investment company securities (mutual fund shares)
- hedge funds
- United States government securities
- options contracts on securities
- interests in partnerships investing in real estate
- asset backed securities (ABS) including but not limited to residential real estate mortgage backed securities (MBSs), collateralized loan obligations (CLOs), commercial mortgage backed securities (CMBSs), and ABS backed by credit card receivables, auto loans, and equipment leases,
- private placement debt securities.

PCM offers advisory services and sub-advisory services, where appropriate, to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, investment companies, hedge funds, corporations, insurance companies and other business entities.

PCM provides advice to clients regarding investment of assets based on the individual needs of the client. Client investment objectives, risk tolerances and time horizon are established at the beginning of each client relationship and updated as client needs change. If desired, PCM will assist clients in developing a personal investment policy and create and manage a portfolio based on that policy. PCM will manage advisory accounts on either a discretionary or non-discretionary basis. Account supervision is guided by the stated objectives of each client.

PCM will create a portfolio, or advise on the creation of a portfolio, consisting primarily of individual equities, exchange traded funds, mutual funds, hedge funds, fixed income securities and cash equivalents (e.g. money market funds). PCM will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds, hedge funds and exchange traded funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry or geographic sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by the investment style selected based on each client's individual needs and circumstances.

Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities. As appropriate, PCM may engage in margin transactions or option writing for client accounts. As these strategies involve additional risks, they will only be recommended when consistent with the client's stated risk tolerance.

PCM acts as a portfolio manager for the advisory programs discussed below with trades executed through the sponsor of the program. This form of directed brokerage may result in trading costs and execution services that are not as advantageous to the client as when PCM seeks "best execution." PCM receives a portion of advisory fee for its portfolio management services.

PCM provides portfolio management services in the Pinnacle Investments' Pinnacle Capital Management Separately Managed Account Program ("PCM SMAP"). PCM SMAP is an advisory program where Pinnacle Investments, a dually registered firm affiliated with PCM through common ownership and control, acts as adviser. PCM is the sub-adviser responsible for portfolio management services within the program. As part of its portfolio management services, depending on the version of the PCM SMAP agreement, PCM may vote proxies on behalf of participants. PCM is compensated by Pinnacle Investments for providing portfolio management services for

clients participating in the PCM SMAP program. Participants in PCM SMAP are clients of Pinnacle Investments and not advisory clients of PCM. Pinnacle Investments is responsible for assisting clients in understanding the PCM SMAP program as in light of the client's investment objectives and financial situation – initially and on an ongoing basis. Pinnacle Investments is also responsible for client communication, portfolio reviews, client services, account maintenance and communicating client portfolio strategy changes to PCM. PCM manages client portfolios in accordance with the portfolio strategy selected on the PCM SMAP agreement with full trading discretion, subject to written restrictions, and does not act in any other capacity. These clients should refer to PI's disclosure document for the program for additional information.

## **Wrap-Fee Programs Offered:**

**Pinnacle Investments offers clients the following Wrap Fee ("Wrap-Fee") Programs:**

### **Ascend**

Pinnacle Investments has entered into an agreement with Betterment, LLC to utilize its platform for our Ascend program. The Ascend program is designed to help investors achieve their goals by providing broad diversification and automatic rebalancing combined with ongoing advice from a Pinnacle Investments' IAR. Accounts are managed on a discretionary basis.

**Fees:** Fees for Ascend are only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as each Manager's fee for their services. Fees for our Ascend program vary depending on the service model. Annualized fees range from 0.25% to 1.5% if a Pinnacle adviser representative is involved with investment management services. These rates may be negotiated based on account size and level of service required. The portion of the fee above 0.25% is retained by Pinnacle Investments. In addition, ETFs have fees associated with them that you will pay above and beyond the stated contract rate you sign. These fees are embedded within the price of the ETF. Please refer to the prospectus for specific fees associated with a given ETF. Fees are billed quarterly in arrears. Fees are calculated beginning one day before the end of the prior quarter and the accrual of fees ends two days prior to the end of the current quarter.

**Account Requirements:** There is no minimum requirement for account size to participate in the Ascend program. The program is intended for use by retail clients.

### **AdvisorPro**

Pinnacle IARs may provide investment advisory services to your account on a discretionary basis in their role of Portfolio Manager. Based on your investment objectives and individual needs your Portfolio Manager will have discretion to manage your assets. Pinnacle Investments' Portfolio Managers maintain any required industry examinations and registrations. Individual Portfolio Managers may develop specific investment strategies using a mix of analytic methods. Such strategies ordinarily include long-term and short-term securities purchases and, depending on your objectives and the Portfolio Manager's investment philosophy, supplemental covered option writing in addition to the long positions of calls and/or puts. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short-sale transactions. Due to any number of factors, including timing of deposits, investment selection process or investment needs, certain clients may receive different execution prices and investment results. Accounts are managed on a discretionary basis. Some accounts held on the Charles Schwab & Co., Inc. (Schwab) and TD Ameritrade Investment Management, LLC Platforms may utilize AdvisorPro as a wrap-fee programs.

## Wells Fargo Advisors Programs

Pinnacle Investments has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services ("WFA Programs". Clients of investment advisory accounts described herein are clients of Pinnacle Investments. Pinnacle Investments is not related to or affiliated with WFA or Wells Fargo Clearing Services, LLC (the "Clearing Agent"). Unless otherwise specified, Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to Pinnacle Investments with respect to the following WFA Programs: 1) Personalized Unified Managed Account (Personalized UMA), 2) FundSource, and 3) Compass. Please review the appropriate WFA Disclosure Documents for a complete description of each program.

WFA does not provide advisory services to Pinnacle Investments with respect to: 6) Private Investment Management ("PIM"), 7) Asset Advisor and 8) CustomChoice. While Pinnacle Investments is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable Pinnacle Investments to offer these programs.

The Pinnacle IAR may receive compensation as a result of the Client's participation in the program. The amount of this compensation may be more than what the Client may receive if the Client participated in Pinnacle's other programs or paid separately for investment advice, brokerage, and other services. The Pinnacle IAR, therefore, may have a financial incentive to recommend the wrap fee program over other programs or services.

### Fees:

Unless otherwise indicated, Client agrees to pay Pinnacle Investments the fees described below from their Account. Services are provided on a wrap-fee basis (i.e., there are no separate charges for execution services or Manager fees). Client agrees to pay Pinnacle Investments the fees below to the type of account chosen by Client, which fees will be deducted directly from the particular Account, unless Pinnacle Investments and Client agree otherwise. If Client directs Pinnacle Investments to debit fees from an alternate account, this election will continue until Client provides notice of revocation of this election. Pinnacle Investments will have a reasonable amount of time to act on Client's election. The initial fee payment will be due in full on the date the Account is accepted by Pinnacle Investments ("the commencement date"), and will be based on Account Asset Value on that date with the initial fee prorated for the then current quarter and covers the remainder of such quarter. Thereafter, the quarterly renewal fee will be based on the Account Asset Value on the last business day of the previous calendar quarter and will become due the following business day.

### **Personalized Unified Managed Account (Personalized UMA)**

The Personalized UMA is a unified managed account that offers access to a variety of investment strategies on a single wealth management platform. Unified Managed Accounts (UMAs) allow you to combine mutual funds, exchanged-traded funds (ETFs), separately managed accounts (SMAs), annuities and Wells Fargo Investment Institute's professionally managed blends into one comprehensive account, which may be customized in an effort to meet your investment goals.

### **Personalized UMA Fees**

Fees for UMA Accounts are only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as each Manager's fee for their services.

**Standard Fee** 2.50% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$250 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

## **FundSource**

FundSource is a discretionary investment advisory Program that offers a broad array of mutual funds that invest in and across different investment asset classes and employ varied approaches to investment management. "Optimal Blends" are managed portfolios of recommended funds, based on due diligence and asset allocation guidance provided by, Wells Fargo Investment Institute ("WFII"), for a number of different investment objectives. Based on your investment objectives, financial circumstances and risk tolerance, your IAR will recommend either an Optimal Blend or a Customized Blend, created in consultation with you, which you may select as the target allocation for your Account. Once you choose an Optimal or Customized Blend, the assets in your Account will be invested by your Financial Advisor on a discretionary basis. The combination and allocation strategy of the selected mutual funds in an Optimal Blend is based the appropriate target asset allocation and/or risk/return profile for your investment objective and risk tolerance. The target allocation for Customized Blends is determined at the time your Account is established in the FundSource Program. In order to maintain the Account in conformance with your targeted fund allocations, WFA will automatically rebalance it periodically if actual allocations vary by more than certain established percentages from the target allocation. We will generally rebalance the Account annually, unless market conditions indicate we should do so more frequently. You may also request us to rebalance your Account as necessary. If your Account is managed pursuant to a Customized Blend, you may opt out of automatic rebalancing. Accounts are managed on a discretionary basis.

### **FundSource Fees**

Fees for FundSource Accounts are only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as each Manager's fee for their services. In addition, mutual funds and ETFs have fees associated with them that you will pay above and beyond the stated contract rate you sign. These fees are embedded within the price of the mutual fund or ETF. Please refer to the prospectus for specific fees associated with a given mutual fund or ETF.

**Standard Fee** 2.00% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement. Notwithstanding this fee calculation, the minimum fee charged to the Account will be \$75 per quarter. You should be aware that the imposition of the minimum fee may cause the Program fee rate (expressed as a percentage) to be greater than the fee stated in the Fee Schedule table for the Program. Under certain circumstances, the minimum fee may be waived.

## **Compass**

The Compass Program is designed to provide a disciplined approach to meet the varying objectives and needs of Clients. Each Compass Program Portfolio is normally developed by utilizing a combination of equity and fixed income securities, ETFs, exchange-traded notes ("ETNs"), open-end mutual funds and closed-end mutual funds ("CEFs"). Mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Accounts are managed on a discretionary basis.

### **Compass Fees**

Fees for Wells Fargo Compass Advisory Program Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services. The fees do not cover the fees and expenses of any underlying ETFs, closed-end funds, or mutual funds.

**Standard Fee** 2.25% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement. There is a minimum fee of \$250 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

## **Private Investment Management ("PIM")**

The PIM Program utilizes stocks, bonds, cash, Program eligible mutual funds, ETFs, CEFs, fee based UITs, CDs and covered options to construct the investment portfolio. Program eligible mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Individual PIM Portfolio Managers may develop specific investment strategies which ordinarily include long and short-term securities purchases and, depending on your objectives and the Portfolio Manager's investment philosophy, supplemental covered option writing. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short sale transactions. Accounts are managed on a discretionary basis by the Pinnacle IAR.

### **PIM Fees**

Fees for PIM Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services.

**Standard Fee** 2.75% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$125 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

## **Asset Advisor**

Asset Advisor is a non-discretionary, Client directed investment Program in which your IAR may provide a broad range of investment recommendations based on your investment objectives, financial circumstances and risk tolerance. You have the option of accepting these recommendations or selecting different investments for your Account. Most types of securities are eligible for purchase in an Asset Advisor Account including, but not limited to, common and preferred stocks, exchange-traded funds ("ETF"), closed-end funds ("CEF"), fee-based unit investment trusts ("UIT"), corporate and government bonds, certificates of deposit ("CD"), options, structured products, certain mutual funds whose shares can be purchased at net asset value, certain wrap class alternative investments, such as hedge funds and managed futures funds, and certain wrap class variable annuities. Collectively, these are referred to as "Program Assets." Program eligible mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Accounts are not managed on a discretionary basis.

### **Asset Advisor Fees**

Fees for Asset Advisor Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services.

**Standard Fee** 2.00% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$125 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

## **CustomChoice**

CustomChoice is a non-discretionary, Client directed mutual fund investment Program. Program eligible mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize



derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Your IAR may provide investment recommendations based on your investment objectives, financial circumstances and risk tolerance. You have the option of accepting these recommendations or selecting different investments for your Account. Accounts are not managed on a discretionary basis.

#### **CustomChoice Fees**

Fees for Asset Advisor Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services.

**Standard Fee** 1.50% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$125 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

### **Item 5: Fees and Compensation**

All of the program accounts described in this brochure are charged a fee on eligible assets that covers advisory services. Those programs further identified as Wrap Fee programs also include execution, custodial, and reporting services in the fee. Fee Schedules for each program are set forth as follows:

#### **AdvisorPro Fee Schedule**

AdvisorPro account fees are 3.00% annualized. This rate may be negotiated based on account size, investment complexity and level of service required. Fees payable by advisory clients are payable in advance. Fees will be invoiced at the beginning of each Billing Period based upon the value (market value or fair market value in the absence of market value) of the Advisory account(s) at the end of the previous Billing Period or average daily balance of the prior Billing Period for existing clients whose agreement specifies that calculation. Billing Periods normally span 3-months, but may alternately be monthly. Client hereby authorizes the account custodian ("Custodian") to pay the fees directly to Pinnacle. To pay any fees incurred, funds will be deducted from the account and if necessary from liquidating holdings in the following order: cash positions; money market funds or current positions. Fees are deducted directly from the advisory account(s), but if specified in writing, may be deducted from a different non-retirement account, including non-advisory accounts. If requested in writing, fees may also be billed and paid by check if within 10 days of invoice date otherwise fee will be deducted from the advisory account. The initial fee payable when an account is opened will be based on the initial deposit made into the account including the value of any securities. Should this Agreement be accepted on a date other than the first day of the Bill Period, Client's asset-management fee will be calculated on a pro-rata basis for that period.

Client may be responsible for additional costs including, but not limited to, transaction and custodial fees. Currently \$5.00 is charged on each transaction for postage and handling related to the generation of trade confirmations and periodic account statements. Trades are also charged \$15.00 for execution and clearing although this may be negotiated based on account size, investment complexity and level of service required. The minimum annual Program fee under this Agreement will be \$100.00. Accordingly, Client may pay an effective rate that is greater than the rate specified.

If a client terminates their advisory relationship with Pinnacle Investments before the end of the quarter, a pro-rated refund of advisory fees will be made to the client less reasonable start-up costs including transaction costs.

#### **Pinnacle Capital Management Fee Schedule**

PCM's fees are 3.00% annualized and the minimum initial account value required for a separately managed account is generally \$50,000. Rates and minimums may be negotiated based on account size, investment complexity and level of service required.

Fees payable by advisory clients are payable in advance. Fees will be invoiced at the beginning of each Billing Period based upon the value (market value or fair market value in the absence of market value) of the Advisory account(s) at the end of the previous Billing Period or average daily balance of the prior Billing Period for existing clients whose agreement specifies that calculation. Billing Periods normally span 3-months, but may alternately be monthly. Client hereby authorizes the account custodian ("Custodian") to pay the fees directly to Pinnacle. To pay any fees incurred, funds will be deducted from the account and if necessary from liquidating holdings in the following order: cash positions; money market funds or current positions. Fees are deducted directly from the advisory account(s), but if specified in writing, may be deducted from a different non-retirement account, including non-advisory accounts. If requested in writing, fees may also be billed and paid by check if within 10 days of invoice date otherwise fee will be deducted from the advisory account. The initial fee payable when an account is opened will be based on the initial deposit made into the account including the value of any securities. Should this Agreement be accepted on a date other than the first day of the Bill Period, Client's asset-management fee will be calculated on a pro-rata basis for that period.

Client may be responsible for additional costs including, but not limited to, transaction and custodial fees. Currently \$5.00 is charged on each transaction for postage and handling related to the generation of trade confirmations and periodic account statements. Trades are also charged \$5.00 for execution and clearing although this may be negotiated based on account size, investment complexity and level of service required. The minimum annual Program fee under this Agreement will be \$100.00. Accordingly, Client may pay an effective rate that is greater than the rate specified.

If a client terminates their advisory relationship with PCM before the end of the quarter, a pro-rated refund of advisory fees will be made to the client less reasonable start-up costs including transaction costs.

#### **Ascend Program Fee Schedule**

**Standard Fees:** Fees for Ascend are only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as each Manager's fee for their services. Fees for our Ascend program vary depending on the service model. Annualized fees range from 0.25% to 1.5% if a Pinnacle adviser representative is involved with investment management services. These rate may be negotiated based on account size and level of service required. Betterment, LLC receives 0.25% for the use of their platform. The portion of the fee above 0.25% is retained by Pinnacle Investments. In addition, ETFs have fees associated with them that you will pay above and beyond the stated contract rate you sign. These fees are embedded within the price of the ETF. Please refer to the prospectus for specific fees associated with a given ETF. Fees are billed quarterly in arrears. Fees are calculated beginning one day before the end of the prior quarter and the accrual of fees ends two days prior to the end of the current quarter.

**Account Requirements:** There is no minimum requirement for account size to participate in the Ascend program. The program is intended for use by retail clients.

#### **WFA Programs**

##### **1) ) Personalized Unified Managed Account (Personalized UMA)**

###### **Personalized UMA Fees**

Fees for UMA Accounts are only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as each Manager's fee for their services.

**Standard Fee** 2.50% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$250 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

## **2) FundSource Fee Schedule**

### **FundSource Fees**

Fees for FundSource Accounts are only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as each Manager's fee for their services. In addition, mutual funds and ETFs have fees associated with them that you will pay above and beyond the stated contract rate you sign. These fees are embedded within the price of the mutual fund or ETF. Please refer to the prospectus for specific fees associated with a given mutual fund or ETF.

**Standard Fee** 2.00% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement. Notwithstanding this fee calculation, the minimum fee charged to the Account will be \$75 per quarter. You should be aware that the imposition of the minimum fee may cause the Program fee rate (expressed as a percentage) to be greater than the fee stated in the Fee Schedule table for the Program. Under certain circumstances, the minimum fee may be waived.

## **3) Compass Fee Schedule**

### **Compass Fees**

Fees for Wells Fargo Compass Advisory Program Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services. The fees do not cover the fees and expenses of any underlying ETFs, closed-end funds, or mutual funds.

**Standard Fee** 2.25% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement. There is a minimum fee of \$250 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

## **4) Private Investment Management ("PIM") Fee Schedule**

### **PIM Fees**

Fees for PIM Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services.

**Standard Fee** 2.75% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$125 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

## **5) Asset Advisor Fee Schedule**

### **Asset Advisor Fees**

Fees for Asset Advisor Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services.

**Standard Fee** 2.00% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$125 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

## **6) Custom Choice Fee Schedule**

### **CustomChoice Fees**

Fees for Asset Advisor Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services.

**Standard Fee** 1.50% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$125 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

### **Account Termination of WFA programs**

Your account agreements may be terminated by either party at any time upon notice. If you terminate your Agreement, a pro rata refund will be made, less reasonable start-up costs. You have the right, within five (5) days of execution, to terminate the Client Agreement without penalty. In the event of cancellation of Client Agreements, fees previously paid pursuant to the fee schedule will be refunded on a pro rata basis, as of the date notice of such cancellation is received by the non-canceling party, less reasonable start-up costs.

### **Payment of Fees for WFA programs**

Unless otherwise indicated, Client hereby authorizes the account custodian ("Custodian") to deduct the fees from their Account for the services provided on a wrap-fee basis (i.e., there are no separate charges for execution services or Manager fees). Client agrees to pay the fees based on the type of account chosen by Client, which fees will be deducted directly from the particular Account, unless Pinnacle Investments and Client agree otherwise. If Client directs Pinnacle Investments to debit fees from an alternate account, this election will continue until Client provides notice of revocation of this election. Pinnacle Investments will have a reasonable amount of time to act on Client's election. The initial fee payment will be due in full on the date the Account is accepted by Pinnacle Investments ("the commencement date"), and will be based on Account Asset Value on that date with the initial fee prorated for the then current quarter and covers the remainder of such quarter. Thereafter, the quarterly renewal fee will be based on the Account Asset Value on the last business day of the previous calendar quarter and will become due the following business day.

### **Charles Schwab & Co., Inc. (Schwab) Platform**

Schwab has eliminated commissions for online trades of equities, ETFs and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account please refer to Schwab's most recent pricing schedules available at [schwab.com/aspricingguide](https://schwab.com/aspricingguide).

### **TD Ameritrade Investment Management, LLC (TD) Platform**

Advisory fees are not charged on assets that are not directly under our management. This means that fees are not charged on (i) cash outside of the portfolio strategy (for example, client initiated transactions to raise cash for future withdrawal) or (ii) on incompatible securities that are temporarily held in the related TD Ameritrade account. Advisory fees will be charged for other assets, including cash held within the portfolio strategy. To see what you would pay for transactions in a non-wrap account please refer to TD Ameritrade's most recent pricing schedules available at [https://www.tdameritrade.com/retail-en\\_us/resources/pdf/TDA4855.pdf](https://www.tdameritrade.com/retail-en_us/resources/pdf/TDA4855.pdf)

**Additional Compensation - Class A and C Shares**

Additional compensation may be received depending on the share class of mutual funds held in an advisory account. Class C mutual funds include 12(b)-1 fees which are generally up to 1% per year on assets while Class A mutual funds include 12(b)-1 fees which are generally up to 0.25% per year on assets. Institutional shares generally do not have 12(b)-1 fees. First Clearing has a mechanism to automatically rebate 12(b)-1 to clients in qualified retirement accounts, while Pinnacle Investments retains the fees in non-qualified accounts.

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

Neither Pinnacle Investments nor any of its Supervised Persons (employees) accepts performance-based fees (fees based on a share of capital gains or on a capital appreciation of the assets of a client).

**Side-by-side management**

Pinnacle Investments does not engage in side-by-side management, which refers to the practice in which a management firm simultaneously manages multiple products, such as mutual funds, hedge funds, separately managed accounts, and so forth.

**Item 7: Account Requirements and Types of Clients****Account Requirements**

The minimum initial account values for the Programs in this document are listed below. Under certain circumstances, the minimum account size may be waived. WFA may act as sub-adviser for the advisory programs. The minimum and maximum account size required by Pinnacle Investments may differ than that required by WFA as stated in the WFA advisory program Brochure or applicable Disclosure Document. You should refer to the chart below, as appropriate, to determine the minimum account size requirements.

<b>Program Name</b>	<b>Minimum Account Size</b>
AdvisorPro	\$10,000 may be waived
Pinnacle Capital Management	\$50,000 may be waived
Ascend	No minimum
Personalized UMA	\$200,000 Optimized Blends \$10,000 Customized Blends
FundSource	\$25,000
Compass	
Current Equity Income	\$50,000
Income Multi-Asset Portfolio	\$50,000
Conservative Growth & Income	\$250,000
Moderate Growth & Income	\$250,000
Aggressive Growth & Income	\$250,000
Conservative Growth	\$250,000
Moderate Growth	\$250,000
Aggressive Growth	\$150,000
Taxable Fixed Income	\$2,000,000
Tax-Exempt Fixed Income (Municipals)	\$2,000,000
Custom Option Portfolio	\$250,000

Option Premium Income Strategy	\$3,000,000
Equity Portfolios	\$50,000
Private Investment Management ("PIM")	\$50,000
Asset Advisor	\$25,000
CustomChoice	\$25,000

## **Types of Clients**

Pinnacle Investments may provide the advisory services described in this brochure to individuals, pension or profit sharing plans, trusts, estates or charitable organizations, corporations or other business entities, governmental entities and educational institutions, as well as banks or thrift institutions.

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

### *Method of Analysis*

The Pinnacle IAR or portfolio manager may use a fundamental and/or technical approach for their approach to securities analysis. They may also utilize charting and cyclical analyses.

The Pinnacle IAR may use one or more of the following sources of information: financial publications, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases.

Pinnacle Investments' investment strategies used to implement any investment advice given to clients include:

- Long-term purchases (securities held at least a year from date of purchase)
- Short-term purchases (securities sold within a year of purchase date)
- Trading (securities sold within 30 days of purchase)
- Short sales
- Margin transactions
- Option writing, including covered options, long positions of calls and/or puts, uncovered options or spread strategies

### *Risk of Loss*

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. Investors face the following types of risks:

#### *Market Risk*

The price of a security, bond, or mutual fund may drop (or rise in the case of shorted investments) in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events

#### *Interest Rate Risk*

Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

#### *Investment Advisor Risk*

Financial Advisor's ability to choose suitable investments has a significant impact on the ability of the Strategies to meet their investment objectives.

#### *Asset Allocation Risk*

Financial Advisor's allocations between equity and debt securities could cause accounts to underperform relative to benchmarks and other accounts with similar investment objectives.

#### *Inflation Risk*

When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

#### *Currency Risk*

Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

#### *Business Risk*

These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates income from a steady stream of customers who buy electricity no matter what the economic environment is like.

#### *Financial Risk*

Excessive borrowing to finance a business' operations increases the risk to profitability, because the company must then meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

#### *Margin Risk*

To the extent margin is used in your account, you should be aware that the margin debit balance will not reduce the market value of eligible assets, and will therefore increase the asset-based fee you are charged. The increased asset-based fee may provide an incentive for your Financial Advisor to recommend the use of margin strategies. The use of margin is not suitable for all investors, since it increases leverage in your Account and therefore risk.

Investing in securities involves risk of loss that clients should be prepared to bear. In the case of a primary trading investing strategy, frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

### **Item 9: Disciplinary Information**

In 2015, Pinnacle Investments, without admitting or denying the findings, consented to the censure and fine in the amount of \$12,500 due to the findings that it failed to preserve all business related communication sent or received by a registered rep and his assistant who were using outside email accounts.

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

Pinnacle Investments is registered as a securities broker-dealer with the Financial Industry Regulatory Authority. It also has arrangements that are material to its advisory business or clients with a related person who is an investment company investment advisor. Pinnacle is also a general partner in a partnership in which clients are solicited to invest. These arrangements and partnerships are disclosed as follows:

#### **OTHER BUSINESS ACTIVITIES AND AFFILIATIONS**

##### Pinnacle Holding Company, LLC

Pinnacle Holding Company, LLC is the parent company of 1) Pinnacle Investments, LLC 2) Confidential Planning I, LLC, 3) Pinnacle Capital Management, LLC. Pinnacle Investments is affiliated with Pinnacle Advisors, LLC. Pinnacle Advisors, LLC is an SEC-registered investment advisor. The advisory services provided by Pinnacle Advisors, LLC are separate and distinct from the advisory services provided by Pinnacle Investments or any other subsidiary of Pinnacle Holding Company, LLC.

#### Confidential Planning I, LLC

Confidential Planning I, LLC is a registered investment advisory firm focused on 403(b) retirement plans for educators and employees of schools, hospitals and not-for-profit (501c) organizations. Confidential Planning representatives may offer Plan Sponsors with customized investment advisory services, diversified investment menus, consulting and reporting, and participant educational programs.

#### Pinnacle Capital Management, LLC

Pinnacle Capital Management, LLC is an investment management firm providing services to individual investors, corporations, pension funds, foundations, endowments, labor unions, insurance companies, healthcare organizations and governments. PCM specializes in managing equity, balanced and fixed income portfolios.

#### *Sub-Advisory Services*

PCM provides portfolio management services to the Pinnacle Investments' Pinnacle Capital Management Separately Managed Account Program (hereinafter "PCM SMAP"). PCM SMAP is an advisory program where Pinnacle Investments (hereinafter "PI") is the advisor and program sponsor. PCM is the sub-advisor responsible for portfolio management services. As part of its portfolio management services, depending on the version of the PCM SMAP agreement, PCM may vote proxies on behalf of participants.

PCM is compensated by Pinnacle Investments for providing portfolio management services for clients participating in the advisory program. Participants in PCM SMAP are clients of Pinnacle Investments and not advisory clients of Pinnacle Capital Management. Pinnacle Investments is responsible for assisting clients in understanding the advisory program in light of the client's investment objectives and financial situation; initially and on an ongoing basis. Pinnacle Investments is also responsible for client communication, portfolio reviews, client services, account maintenance, and communicating client portfolio strategy changes to PCM. PCM manages client portfolios in accordance with the portfolio strategy selected on the PCM SMAP agreement with full trading discretion, subject to written restrictions, and does not act in any other capacity. The Brochure for this advisory Program can be accessed via the following link:

<https://www.pcm-advisors.com/learning-center/>

#### Pinnacle Advisors, LLC:

Pinnacle Advisors, LLC is a SEC-registered investment advisor and is affiliated with Pinnacle Investments. The affiliate CRD Number is 142910 and the affiliate Investment Adviser SEC File Number is 801-67860.

#### **Conflicts of Interest:**

Pinnacle Investments is both an SEC registered investment adviser and a registered broker-dealer. As such it is able to act in an advisory capacity and manage accounts as well as act in a brokerage capacity and maintain brokerage accounts. A material conflict of interest may arise when a brokerage account converts to an advisory account where investment advisor representatives place clients in asset based fee accounts versus transaction based fee accounts. The same conflict may arise when an advisory account converts to a brokerage account where investment advisory representatives place clients in transaction based accounts versus asset based fee accounts. Pinnacle Investments addresses these potential conflicts of interest through the use of internal policies and controls that require the designated supervisor to review client information prior to converting a brokerage account to an advisory account or an advisory account to a brokerage account.

There is a potential conflict that arises when representatives of Pinnacle Investments, LLC, who are individual shareholders of Pinnacle Holding Co., LLC, invest client assets with its affiliate, Pinnacle Capital Management, LLC, because profitability of Pinnacle Capital Management, LLC could impact shareholder value. We feel this conflict is minimized in that representatives of Pinnacle Investments, LLC must ensure that any PCM products are in the best interest of the client.



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

### **Code of Ethics**

All Pinnacle Investments' employees, registered representatives and IARs must comply with a Code of Ethics and Insider Trading Policy. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The Code describes Pinnacle Investments' high standard of business conduct, and its fiduciary duty to its clients.

The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

David Tabone, Director of Compliance, reviews all employee trades each quarter. These reviews ensure that personal trading does not affect the markets and that clients of Pinnacle Investments receive preferential treatment.

Pinnacle Investments' employees must acknowledge the terms of the Code when hired and at least annually thereafter. Any individual not in compliance with the Code may be subject to discipline.

Clients and prospective clients can obtain a copy of Pinnacle Investments' Code of Ethics by contacting Mark Hansen at (774) 719-2258 or mhansen@pinnacle-llc.com.

### **Participation or Interest in Client Transactions and Personal Trading**

Individuals associated with Pinnacle Investments may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is the expressed policy of Pinnacle Investments that no person employed by Pinnacle Investments shall prefer his or her own interest to that of an advisory or sub-advisory client or make personal investment decisions of advisory clients. To supervise compliance with its Code of Ethics, Pinnacle Investments requires that anyone associated with advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. Pinnacle Investments requires such access persons to also receive approval from the Chief Compliance Officer prior to investing in any private placements (limited offerings).

Pinnacle Investments requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Pinnacle Investments' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline.

## **Item 12: Brokerage Practices**

Pinnacle Investments does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions, sometimes called "soft dollars". Pinnacle Investments does not receive soft dollars or payment for order flow.

Pinnacle Investments' registered representatives working in an IAR capacity may enroll clients in managed account programs including those of entities affiliated with Pinnacle Investments.

Pinnacle Investments, through its clearing firm, has the ability to aggregate the purchase or sale of securities for various client accounts. This typically occurs when registered representatives are seeking best price execution for their clients.

Pinnacle Investments does not maintain custody of assets that we manage and/or which we advise.

We are independently owned and operated and are not affiliated with Betterment Securities. Betterment Securities will hold Ascend client's assets in a brokerage account of their choosing and buy and sell securities using their discretion.

For Ascend's clients' accounts that Betterment Securities maintains, Betterment Securities generally does not charge separately for custody services, but is compensated as part of the Betterment Institutional platform fee, which is a percentage of the dollar amount of assets in the account in lieu of commissions. We have determined that having Betterment Securities execute trades is consistent with our duty to seek "best execution" of Ascend's client trades.

Pinnacle Investments may aggregate the purchase or sale of securities for various client accounts when it is deemed to be in the best interest of the client due to better pricing and execution quality. Pinnacle Investments may not aggregate the purchase or sale of securities for various client accounts when it has the opportunity to do so despite being in the best interest of the client due to regulatory restrictions. A potential conflict of interest may occur with respect to client investments in mutual funds managed by the Advisor's affiliated entities. Pinnacle Investments addresses this potential conflict of interest by reviewing transactions.

### **Charles Schwab & Co., Inc. (Schwab):**

#### **Economic Benefits of Being on the Schwab Platform**

##### **Products & Services Available to Us From Schwab:**

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis, at no charge to advisors.

##### **Services that Benefit Client**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit clients or their account(s).

##### **Services that May Not Directly Benefit Clients**

Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;

- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Irrespective of direct or indirect benefits to our client through Schwab, we strive to enhance the client's experience, help reach their goals and put their interests before that of our firm or its associated persons.

#### **TD Ameritrade Investment Management, LLC (TD) Platform:**

##### **Economic Benefits of Being on the TD Platform**

##### **Products & Services Available to Us From TD:**

TD services independent investment advisory firms like ours. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to TD retail customers. TD also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. TD support services are generally available on an unsolicited basis, at no charge to advisors.

##### **Services that Benefit Client**

TD's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through TD include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. TD's services described in this paragraph generally benefit clients or their account(s).

##### **Services that May Not Directly Benefit Clients**

TD also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both TD's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at TD. In addition to investment research, TD also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;

- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

TD also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

TD may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. TD may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Irrespective of direct or indirect benefits to our client through TD, we strive to enhance the client's experience, help reach their goals and put their interests before that of our firm or its associated persons.

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

At Pinnacle Investments a representative sample of accounts are reviewed at least quarterly. The securities held in Portfolio Management accounts are reviewed frequently, and may be reviewed more frequently in the event of material market, economic or political events or changes in the client's individual circumstances. Reviews are made by Pinnacle Investments' CEO, Benjamin Quilty, and Municipal Securities Principal, Robert Cuculich or their delegates.

Clients are provided with statements on a monthly or quarterly basis, depending on activity. These statements contain a description of any securities positions, money balances, or account activity to each customer whose account had a security position, money balance, or account activity during the period since the last such statement was sent to the customer.

### **Item 14: Client Referrals and Other Compensation**

Pinnacle Investments (or related persons) do not compensate for client referrals nor receive economic benefits, such as sales awards or other prizes, for providing investment advice or other advisory services to our clients.

We receive a non-economic benefit from Betterment Institutional and Betterment Securities in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Betterment Securities. The availability to us of Betterment Institutional and Betterment Securities' products and services is not based on our giving particular investment advice, such as buying particular securities for our clients.

### **Item 15: Custody**

Pinnacle Investments does not have custody of our client's accounts other than for the Client authorized deduction of fees. Under government regulations, Pinnacle Investments is deemed to have custody of our client's assets if, for example, the client authorizes us to instruct the custodian to deduct our advisory fees directly from their account.

Account statements will be sent directly to our clients from our qualified custodian ("custodian"), Wells Fargo Clearing Services, LLC, or other firms where assets are custodied. They should be carefully reviewed by our clients.

Betterment Securities maintains actual custody of the assets held in Ascend accounts. The client's statements will be available for the client to review on the activity section of their Betterment Institutional account portal. They will also be able to view account statements directly from Betterment Securities at least quarterly at [www.bettermentsecurities.com](http://www.bettermentsecurities.com).

## **Item 16: Investment Discretion**

For discretionary clients, Pinnacle Investments requires that it be provided with written authority to determine which securities are bought or sold including the amounts of those securities and the timing of the transactions.

Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change and/or amend these limitations as required. Such amendments shall be submitted in writing.

Pinnacle Investments has discretionary authority to determine the following:

- Securities to be bought or sold for a client's account
- Amount of securities to be bought or sold for a client's account
- Timing of when securities transactions are made.
- Broker or dealer to be used or recommended for a purchase or sale of securities for a client's account
- Commission rates to be paid to a broker or dealer for a client's securities transactions

## **Item 17: Voting Client Securities**

Client's participating in Pinnacle Investments' Managed Account Programs may or may not receive company proxies on their holdings depending on whether they have authorized the Advisor to vote proxies on their behalf. Pinnacle Investments is not, and has not, been authorized by any clients to vote proxies on their behalf and does not vote client securities.

### **WFA Programs:**

Proxies for WFA programs are voted by Institutional Shareholder Services Inc. (ISS). For clients interested in seeing how their proxy was voted they can email [ppca@FirstClearing.com](mailto:ppca@FirstClearing.com) requesting that information. Should a client prefer to receive proxies instead of having ISS vote them, they can complete and submit a First Clearing "Proxy Authorization Form" supplied by Pinnacle Investments.

### **AdvisorPro and Pinnacle Capital Management Programs:**

Proxies are mailed directly to advisory clients. Therefore, Pinnacle Investments and Pinnacle Capital Management do not vote proxies.

### **Betterment:**

The Client delegates to Betterment the authority to receive and vote all proxies and related materials for any security held in the Account. Betterment accordingly will vote on matters requiring a proxy vote for the securities held in the Account and will do so in a way that is reasonably expected to ensure that proxy matters are conducted in the best interest of clients. Client also delegates to Betterment the authority to vote on other corporate actions, like tender offers, which do not require a proxy or are not solicited via proxy. Client may request information regarding how Betterment voted a Client's proxies, and a copy of Betterment's proxy policies and procedures by emailing [support@betterment.com](mailto:support@betterment.com). Client acknowledges and agrees that Betterment will vote only on proxies and respond to corporate actions associated with securities that Betterment recommends be purchased for client accounts. Client acknowledges and agrees that Betterment is not responsible for voting proxies or participating in corporate actions for any security until the security is in the possession and control of Betterment Securities.

## **Item 18: Financial Information**

In certain circumstances, registered investment advisors are required to provide clients with material financial information or disclosures about their financial condition. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important to an investment decision, or if it would alter the total mix of available information about the company.

Pinnacle Investments does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance for either discretionary or non-discretionary accounts and does not produce stand alone balance sheets for its investment advisor operations. Pinnacle Investments has never been the subject of a bankruptcy proceeding and it regularly files financial statements with the SEC. These are available through the SEC.

## **Item 19: Requirements For State Registered Advisers**

### Education & Business Background

Benjamin R Quilty                      Born: 1981

#### Education:

MBA - Pace University, Financial Management 2010

Graduated from State University of New York, College at Oneonta B.S. Business Economics 2005

Certified Financial Planner (CFP®)

#### Employment History:

December 2014- Present: Chief Compliance Officer Nysa Series Trust

February 2013 - Present: Vice-President/Chief Compliance Officer/Treasurer, Pinnacle Advisors LLC

November 2010 - Present: Financial Advisor, Pinnacle Investments LLC, August 2019 - Present: Chief Executive Officer

July 2007 - October 2010: Registered Client Service Associate, Citi Personal Wealth Management

Mark Hansen                      Born: 1968

#### Education:

JD – New England School of Law 1999

Graduated from University of Massachusetts, Dartmouth with B.A. in Economics and Finance

#### Employment History:

September 2015 – Present – Pinnacle Holding Co – Chief Legal and Compliance Officer

September 2015 – Present – Pinnacle Investments, LLC – President and Chief Compliance Officer

May 2007 – July 2015 – State Street Bank & Trust Co – Chief Compliance Officer/Senior Compliance Officer State Street Global Markets

ERIC D. KROUSE                      BORN: 1959

#### Education

Graduated from University of New Mexico, Anderson School of Management in 1986 with a B.A. in Business Administration.

#### Employment History

Pinnacle Holding Company, LLC

- Chief Operating Officer from 10/2015 to present
- Chief Financial Officer from 6/2014 to 9/2017

Pinnacle Investments, LLC

- Chief Operating Officer from 10/2015 to present
- Chief Compliance Officer from 11/2014 to 10/2015
- Chief Executive Officer from 01/2011 to 12/2015
- Chief Operating Officer from 01/2008 to 12/2010.
- Chief Compliance Officer from 05/2006 to 12/2007
- Financial Advisor, Vice President from 10/2005 to 05/2006

President, Confidential Planning Corporation from 3/07 to 12/16

Financial Consultant, Smith Barney - Citigroup Global Markets from 12/2000 to 10/2005

PINNACLE INVESTMENTS, LLC

Part 2A Appendix 1 of Form ADV:  
Wrap-Fee Program Brochure

March 15, 2021

Pinnacle Investments, LLC.  
507 Plum Street  
Suite 120  
Syracuse, NY 13204  
United States  
(315) 251-1101  
[www.pinnacleinvestments.com](http://www.pinnacleinvestments.com)  
SEC File Number: 801-67860  
CRD Number: 40686

This brochure provides information about the qualifications and business practices of Pinnacle Investments, LLC. If you have any questions about the contents of this brochure, please contact us at (315) 251-1101 and/or [compliance@pinnacleinvestments.com](mailto:compliance@pinnacleinvestments.com).

Current copies of this brochure are available online at:  
[www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links](http://www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links)

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 Pinnacle Investments, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We are dually registered with FINRA and the SEC, although registration does not imply a certain level of skill or training.



## **Item 2: Material Changes**

There have been no material changes since the last annual amendment Wrap-Fee brochure dated March 29, 2019.

## **Item 3: Table of Contents**

- Item 1: Cover Page
- Item 2: Material Changes
- Item 3: Table of Contents
- Item 4: Services, Fees & Compensation
- Item 5: Account Requirements & Types of Clients
- Item 6: Portfolio Manager Selection & Evaluation
- Item 7: Client Information Provided to Portfolio Manager(s)
- Item 8: Client Contact with Portfolio Manager(s)
- Item 9: Additional Information

#### **Item 4: Services, Fees and Compensation**

Pinnacle Investments, LLC ("Pinnacle Investments") is a dually registered Broker-Dealer ("BD") and Registered Investment Adviser ("RIA").

Pinnacle Investments is a member firm of FINRA and SIPC. We were founded in the year 1995 and are organized as a limited liability company under the laws of New York State. Our fiscal year ends in the month of December each year.

Pinnacle Investments is 100% owned by Pinnacle Holding Company, LLC which is organized as a limited liability company. There are no individual owners of 25% or more of Pinnacle Holding Company, LLC. FKAPI, Inc., a domestic entity, owns 25% or more of Pinnacle Holding Company, LLC.

Pinnacle Investments in conjunction with our Investment Advisor Representatives ("Pinnacle IAR") offers the following advisory services: financial planning, portfolio management for individuals and/or small businesses, selection of other advisers, investment advisory service, and investment advice through consultation not included in aforementioned services.

#### **Mutual Funds and Exchange-Traded Funds in Advisory Programs**

Mutual fund companies typically offer multiple share classes of each of their mutual funds with varying levels of fees and expenses. Mutual funds or share classes offered through our advisory Programs are not necessarily the least expensive. Investing in mutual funds will generally be more expensive than other investment options available in your advisory account, such as ETFs. In addition to the Program fee, you will also bear a proportionate share of each fund's expenses, including investment management fees that are paid to the fund's investment adviser. These expenses are an additional expense to you and not covered by the Program fee; rather, they are embedded in the price of the fund. You should carefully consider these underlying expenses, in addition to the Program fees, when considering any advisory Program and the total compensation we receive. Other funds and share classes may have different charges, fees, and expenses, which may be lower than the charges, fees, and expenses of the funds and share classes made available in the Program. An investor who holds a less-expensive share class of a fund will pay lower fees over time - and earn higher investment returns - than an investor who holds a more expensive share class of the same fund.

Pinnacle Investments may use some or all of the following factors when determining if a wrap-fee program is in the best interest of the client including trading activity, custody fees, portfolio management and client service fees. Pinnacle Investments pays portfolio managers up to 100% of the Wrap-fee paid by clients.

#### **Wrap-Fee Programs Offered:**

**Pinnacle Investments offers clients the following Wrap Fee ("Wrap-Fee") Programs:**

##### **Ascend**

Pinnacle Investments has entered into an agreement with Betterment, LLC to utilize its platform for our Ascend program. The Ascend program is designed to help investors achieve their goals by providing broad diversification and automatic rebalancing combined with ongoing advice from a Pinnacle Investments' IAR. Accounts are managed on a discretionary basis.

**Fees:** Fees for Ascend are only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as each Manager's fee for their services. Fees for our Ascend program vary depending on the service model. Annualized fees range from 0.25% to 1.5% if a Pinnacle adviser representative is involved with invest management services. These rates may be negotiated based on account size and level of service required. The portion of the fee above 0.25% is retained by Pinnacle Investments. In addition, ETFs have fees associated with them that you will pay above and beyond the stated contract rate you sign. These fees are embedded within the price of the ETF. Please refer to the prospectus for specific fees associated with a given ETF. Fees are billed quarterly in arrears. Fees are calculated beginning one day before the end of the prior quarter and the accrual of fees ends two days prior to the end of the current quarter.

**Account Requirements:** There is no minimum requirement for account size to participate in the Ascend program. The program is intended for use by retail clients.

## **Wells Fargo Advisors Programs**

Pinnacle Investments has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services ("WFA Programs". Clients of investment advisory accounts described herein are clients of Pinnacle Investments. Pinnacle Investments is not related to or affiliated with WFA or Wells Fargo Clearing Services, LLC (the "Clearing Agent"). Unless otherwise specified, Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to Pinnacle Investments with respect to the following WFA Programs: 1) 1) Personalized Unified Managed Account (Personalized UMA), 2) FundSource, and 3) Compass. Please review the appropriate WFA Disclosure Documents for a complete description of each program.

WFA does not provide advisory services to Pinnacle Investments with respect to: 6) Private Investment Management ("PIM"), 7) Asset Advisor and 8) CustomChoice. While Pinnacle Investments is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable Pinnacle Investments to offer these programs.

The Pinnacle IAR may receive compensation as a result of the Client's participation in the program. The amount of this compensation may be more than what the Client may receive if the Client participated in Pinnacle's other programs or paid separately for investment advice, brokerage, and other services. The Pinnacle IAR, therefore, may have a financial incentive to recommend the wrap fee program over other programs or services.

### **Fees:**

Unless otherwise indicated, Client agrees to pay Pinnacle Investments the fees described below from their Account. Services are provided on a wrap-fee basis (i.e., there are no separate charges for execution services or Manager fees). Client agrees to pay Pinnacle Investments the fees below to the type of account chosen by Client, which fees will be deducted directly from the particular Account, unless Pinnacle Investments and Client agree otherwise. If Client directs Pinnacle Investments to debit fees from an alternate account, this election will continue until Client provides notice of revocation of this election. Pinnacle Investments will have a reasonable amount of time to act on Client's election. The initial fee payment will be due in full on the date the Account is accepted by Pinnacle Investments ("the commencement date"), and will be based on Account Asset Value on that date with the initial fee prorated for the then current quarter and covers the remainder of such quarter. Thereafter, the quarterly renewal fee will be based on the Account Asset Value on the last business day of the previous calendar quarter and will become due the following business day.

## **Personalized Unified Managed Account (Personalized (UMA))**

The Personalized UMA is a unified managed account that offers access to a variety of investment strategies on a single wealth management platform. Unified Managed Accounts (UMAs) allow you to combine mutual funds, exchanged-traded funds (ETFs), separately managed accounts (SMAs), annuities and Wells Fargo Investment Institute's professionally managed blends into one comprehensive account, which may be customized in an effort to meet your investment goals.

### **Personalized UMA Fees**

Fees for UMA Accounts are only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as each Manager's fee for their services.

**Standard Fee** 2.50% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$250 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

### **FundSource**

FundSource is a discretionary investment advisory Program that offers a broad array of mutual funds that invest in and across different investment asset classes and employ varied approaches to investment management. "Optimal Blends" are managed portfolios of recommended funds, based on due diligence and asset allocation guidance provided by, Wells Fargo Investment Institute ("WFII"), for a number of different investment objectives. Based on your investment objectives, financial circumstances and risk tolerance, your IAR will recommend either an Optimal Blend or a Customized Blend, created in consultation with you, which you may select as the target allocation for your Account. Once you choose an Optimal or Customized Blend, the assets in your Account will be invested by your Financial Advisor on a discretionary basis. The combination and allocation strategy of the selected mutual funds in an Optimal Blend is based the appropriate target asset allocation and/or risk/return profile for your investment objective and risk tolerance. The target allocation for Customized Blends is determined at the time your Account is established in the FundSource Program. In order to maintain the Account in conformance with your targeted fund allocations, WFA will automatically rebalance it periodically if actual allocations vary by more than certain established percentages from the target allocation. We will generally rebalance the Account annually, unless market conditions indicate we should do so more frequently. You may also request us to rebalance your Account as necessary. If your Account is managed pursuant to a Customized Blend, you may opt out of automatic rebalancing. Accounts are managed on a discretionary basis.

### **FundSource Fees**

Fees for FundSource Accounts are only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as each Manager's fee for their services. In addition, mutual funds and ETFs have fees associated with them that you will pay above and beyond the stated contract rate you sign. These fees are embedded within the price of the mutual fund or ETF. Please refer to the prospectus for specific fees associated with a given mutual fund or ETF.

**Standard Fee** 2.00% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement. Notwithstanding this fee calculation, the minimum fee charged to the Account will be \$75 per quarter. You should be aware that the imposition of the minimum fee may cause the Program fee rate (expressed as a percentage) to be greater than the fee stated in the Fee Schedule table for the Program. Under certain circumstances, the minimum fee may be waived.

### **Compass**

The Compass Program is designed to provide a disciplined approach to meet the varying objectives and needs of Clients. Each Compass Program Portfolio is normally developed by utilizing a combination of equity and fixed income securities, ETFs, exchange-traded notes ("ETNs"), open-end mutual funds and closed-end mutual funds ("CEFs"). Mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Accounts are managed on a discretionary basis.

### **Compass Fees**

Fees for Wells Fargo Compass Advisory Program Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services. The fees do not cover the fees and expenses of any underlying ETFs, closed-end funds, or mutual funds.

**Standard Fee** 2.25% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement. There is a minimum fee of \$250 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

### **Private Investment Management ("PIM")**

The PIM Program utilizes stocks, bonds, cash, Program eligible mutual funds, ETFs, CEFs, fee based UITs, CDs and covered options to construct the investment portfolio. Program eligible mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Individual PIM Portfolio Managers may develop specific investment strategies which ordinarily include long and short-term securities purchases and, depending on your objectives and the Portfolio Manager's investment philosophy, supplemental covered option writing. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short sale transactions. Accounts are managed on a discretionary basis by the Pinnacle IAR.

#### **PIM Fees**

Fees for PIM Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services.

**Standard Fee** 2.75% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$125 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

### **Asset Advisor**

Asset Advisor is a non-discretionary, Client directed investment Program in which your IAR may provide a broad range of investment recommendations based on your investment objectives, financial circumstances and risk tolerance. You have the option of accepting these recommendations or selecting different investments for your Account. Most types of securities are eligible for purchase in an Asset Advisor Account including, but not limited to, common and preferred stocks, exchange-traded funds ("ETF"), closed-end funds ("CEF"), fee-based unit investment trusts ("UIT"), corporate and government bonds, certificates of deposit ("CD"), options, structured products, certain mutual funds whose shares can be purchased at net asset value, certain wrap class alternative investments, such as hedge funds and managed futures funds, and certain wrap class variable annuities. Collectively, these are referred to as "Program Assets." Program eligible mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Accounts are not managed on a discretionary basis.

#### **Asset Advisor Fees**

Fees for Asset Advisor Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services.

**Standard Fee** 2.00% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$125 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

### **CustomChoice**

CustomChoice is a non-discretionary, Client directed mutual fund investment Program. Program eligible mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Your IAR may provide investment recommendations based on your investment objectives, financial circumstances and risk tolerance. You have the option of accepting these recommendations or selecting different investments for your Account. Accounts are not managed on a discretionary basis.

### **CustomChoice Fees**

Fees for Asset Advisor Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services.

**Standard Fee** 1.50% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$125 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

### **Charles Schwab & Co., LLC (Schwab)**

#### **Economic Benefits of being on the Schwab Platform**

#### **Products & Services Available to Us From Schwab**

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis, at no charge to advisors.

#### **Services that Benefit Client**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit clients or their account(s).

#### **Services that May Not Directly Benefit Clients**

Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Irrespective of direct or indirect benefits to our client through Schwab, we strive to enhance the client's experience, help reach their goals and put their interests before that of our firm or its associated persons.

Schwab has eliminated commissions for online trades of equities, ETFs and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account please refer to Schwab's most recent pricing schedules available at [schwab.com/aspricingguide](https://www.schwab.com/aspricingguide).

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), 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 within the wrap-fee you are charged by our firm.

In the event Pinnacle offers transaction based pricing, the IA may absorb certain transaction costs in wrap fee accounts, the IA may have a financial incentive not to place transaction orders in those accounts since doing so increases its transaction costs. Thus, an incentive exists to place trades less frequently in a wrap fee arrangement. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades.

## **TD Ameritrade**

### **Economic Benefits of being on the TD Ameritrade Platform**

#### **Products & Services Available to Us From TD Ameritrade**

TD Ameritrade Advisor Services is TD Ameritrade's business serving independent investment advisory firms like ours. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to TD Ameritrade retail customers. TD Ameritrade also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. TD Ameritrade's support services are generally available on an unsolicited basis, at no charge to advisors.

#### **Services that Benefit Client**

TD Ameritrade's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through TD Ameritrade include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. TD Ameritrade's services described in this paragraph generally benefit clients or their account(s).

#### **Services that May Not Directly Benefit Clients**

TD Ameritrade also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both TD Ameritrade's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at TD Ameritrade. In addition to investment research, TD Ameritrade also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

TD Ameritrade also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.



TD Ameritrade may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. TD Ameritrade may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Irrespective of direct or indirect benefits to our client through TD Ameritrade, we strive to enhance the client's experience, help reach their goals and put their interests before that of our firm or its associated persons.

TD Ameritrade has eliminated commissions for online trades of equities, ETFs and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to TD Ameritrade. We encourage you to review TD Ameritrade's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account please refer to TD Ameritrade's most recent pricing schedules available at [TD Ameritrade.com/aspricingguide](https://www.tdameritrade.com/aspricingguide).

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), 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 within the wrap-fee you are charged by our firm.

In the event Pinnacle offers transaction based pricing, the IA may absorb certain transaction costs in wrap fee accounts, the IA may have a financial incentive not to place transaction orders in those accounts since doing so increases its transaction costs. Thus, an incentive exists to place trades less frequently in a wrap fee arrangement. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades.

#### **Item 5: Account Requirements and Types of Clients**

Minimum initial Account values are shown in the following table. We may terminate Client Accounts with written notice if they fall below minimum Account value guidelines established by us.

Program Name	Minimum Account Size
Ascend	No minimum
Personalized Unified Managed Acct ("UMA")	\$250,000 Optimized Blend \$10,000 Customized Blends
FundSouce	\$25,000
Compass:	
Current Equity Income	\$50,000
Income Multi-Asset Portfolio	\$50,000
Conservative Growth & Income	\$250,000
Moderate Growth & Income	\$250,000

Aggressive Growth & Income	\$250,000
Conservative Growth	\$250,000
Moderate Growth	\$250,000
Aggressive Growth	\$150,000
Taxable Fixed Income	\$2,000,000
Tax-Exempt Fixed Income	\$2,000,000
Custom Option Portfolio	\$250,000
Option Premium Income Strategy	\$3,000,000
Equity Portfolios	\$50,000
Private Investment Management ("PIM")	\$50,000
Asset Advisor	\$25,000
Custom Choice	\$25,000

#### Types of Clients

Pinnacle Investments may provide the advisory services described in this brochure to individuals, pension or profit-sharing plans, trusts, estates or charitable organizations, corporations or other business entities, governmental entities and educational institutions, as well as banks or thrift institutions.

### **Item 6: Portfolio Management Selection and Evaluation**

#### Manager Evaluation

Pinnacle Investments conducts a diligence review of each sub-advisor at initiation and as needed, but at a minimum, on an annual basis. This includes a review of advisory account performance.

Pinnacle Investments' portfolio managers on wrap-fee programs utilize the WFA platform with performance derived from the WFA system. Neither the Adviser nor a third-party reviews portfolio manager performance information and may not be calculated on a uniform and consistent basis. There is an appearance of conflict when an IAR also acts as a portfolio manager and there is a decision to participate in a wrap-fee program. Pinnacle Investments resolves this appearance of conflict by periodic reviews of client accounts participating in wrap-fee programs. A related portfolio manager may be replaced in the event a review by Pinnacle Investments determines it is in the best interest of the client. Pinnacle Investments has no uniform methodology for determining the selection and review of related person portfolio managers.

#### Client Restrictions and Instructions

We will comply with any reasonable instructions and/or restrictions you give us when making recommendations for your Account. Reasonable instructions generally include the designation of particular securities or types of securities that should not be purchased for the Account, or that should be sold if held in the Account. If your restrictions are unreasonable or if we or your IAR believe that the restrictions are inappropriate, we will notify you that, unless they are modified, we may remove your Account from the Program. You will not be able to provide instructions that prohibit or restrict the investment advisor of an open-end or closed-end mutual fund or exchange-traded funds, with respect to the purchase or sale of specific securities or types of securities within the fund. Our policy is generally to liquidate your preexisting securities portfolio immediately and bring the Account into conformity with your target allocations. If you wish to hold certain positions for tax or investment purposes, you should consider holding these positions in a separate Account.

#### Performance-Based Fees

Neither Pinnacle Investments nor any of its Supervised Persons (employees) accepts performance-based fees (fees based on a share of capital gains or on a capital appreciation of the assets of a client).

#### Side-by-side management

Pinnacle Investments does not engage in side-by-side management, which refers to the practice in which a management firm simultaneously manages multiple products, such as mutual funds, hedge funds, separately managed accounts, and so forth.

### **Item 7: Client Information Provided to Portfolio Managers**

All Clients must provide information on their investment objectives, financial circumstances, risk tolerance and any restrictions they may wish to impose on investment activities. We will notify you in writing at least annually to update your information and indicate if there have been any changes in your financial situation, investment objectives or instructions; and you agree to inform us in writing of any material change in your financial circumstances that might affect the manner in which your assets should be invested. Your IAR will be reasonably available to you for consultation on these matters and will act on any changes deemed to be material or appropriate as soon as practical after we become aware of the change.

### **Item 8: Client Contact With Portfolio Managers**

Your contact for information and consultation regarding your Program Accounts is generally your IAR. In certain instances, your IAR may coordinate their response with the Portfolio Manager (if applicable) or arrange for you to consult directly with the Portfolio Manager. In IAR Directed Programs, your IAR is acting in the capacity of Portfolio Manager. You have no restrictions in contacting your IAR.

### **Item 9: Additional Information**

#### **Disciplinary Information**

There is no material Disciplinary Information to report regarding Wrap Fee Programs offered by Pinnacle Investments.

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

Pinnacle Investments is registered as a securities broker-dealer with the Financial Industry Regulatory Authority. We also have arrangements that are material to its advisory business or clients with a related person who is an investment company and other investment advisor. Pinnacle is also a general partner in a partnership in which clients are solicited to invest. These arrangements and partnerships are disclosed as follows:

#### **OTHER BUSINESS ACTIVITIES AND AFFILIATIONS**

##### Pinnacle Holding Company, LLC

Pinnacle Holding Company, LLC is the parent company of 1) Pinnacle Investments, LLC, 2) Confidential Planning I, LLC 3) Pinnacle Capital Management, LLC. Pinnacle Investments is affiliated with Pinnacle Advisors, LLC. Pinnacle Advisors, LLC is an SEC registered investment advisor. The advisory services provided by Pinnacle Advisors, LLC are separate and distinct from the advisory services provided by Pinnacle Investments, or any other subsidiary of Pinnacle Holding Company, LLC.

##### Confidential Planning I, LLC

Confidential Planning I, LLC is a registered investment adviser focused on bringing single provider 403(b) retirement plans to educators and employees of schools, hospitals and not-for-profit (501c) organizations. The IARs may offer Plan Sponsors with customized investment advisory services, diversified investment menus, consulting and reporting, and participant educational programs.

### Pinnacle Capital Management, LLC

Pinnacle Capital Management, LLC ("PCM") is an investment manager providing services to individual investors, corporations, pension funds, foundations, endowments, labor unions, insurance companies, healthcare organizations and governments. PCM specializes in managing equity, balanced and fixed income portfolios by identifying undervalued securities of well-known companies.

### Sub-Advisory Services

PCM provides portfolio management services in the Pinnacle Investments' Pinnacle Capital Management Separately Managed Account Program (hereinafter "PCM SMAP"). PCM SMAP is a wrap fee program where Pinnacle Investments (hereinafter "PI") is the advisor and wrap fee program sponsor, and PCM is the sub-advisor responsible for portfolio management services. As part of its portfolio management services, depending on the version of the PCM SMAP agreement, PCM may vote proxies on behalf of participants.

PCM is compensated by Pinnacle Investments for providing portfolio management services for clients participating in the wrap fee program. The participants in PCM SMAP are clients of Pinnacle Investments and not advisory clients of Pinnacle Capital Management. Pinnacle Investments is responsible for assisting clients in understanding the wrap fee program in light of the client's investment objectives and financial situation, initially and on an ongoing basis. PI is also responsible for client communication, portfolio reviews, client services, account maintenance, and communicating client portfolio strategy changes to PCM. PCM manages client portfolios in accordance with the portfolio strategy selected on the PCM SMAP agreement with full trading discretion, subject to written restrictions, and does not act in any other capacity. The Brochure for this Wrap Fee Program can be accessed via the following link:

<https://www.pcm-advisors.com/learning-center>

### Pinnacle Advisors, LLC

Pinnacle Advisors, LLC is a SEC registered investment advisor and is affiliated with Pinnacle Investments. The affiliate CRD Number is 142910 and the affiliate Investment Adviser SEC File Number is 801-67860.

### **Conflicts of Interest:**

Pinnacle Investments is both an SEC registered investment adviser and a registered broker-dealer. As such it is able to act in an advisory capacity and manage accounts as well as act in a brokerage capacity and maintain brokerage accounts. A material conflict of interest may arise when a brokerage account converts to an advisory account where investment advisor representatives place clients in asset based fee accounts versus transaction based fee accounts. The same conflict may arise when an advisory account converts to a brokerage account where investment advisory representatives place clients in transaction-based accounts versus asset based fee accounts. Pinnacle Investments addresses this potential conflict of interest through the use of internal policies and controls that require the designated supervisor to review client information prior to converting a brokerage account to an advisory account or an advisory account to a brokerage account.

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

#### Code of Ethics

All Pinnacle Investments' employees must comply with a Code of Ethics and Insider Trading Policy. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The Code describes Pinnacle Investments' high standard of business conduct, and its fiduciary duty to its clients.

The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts

- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

David Tabone, Director of Compliance, reviews all employee trades each quarter. These reviews ensure that personal trading does not affect the markets and that clients of Pinnacle Investments receive preferential treatment.

Pinnacle Investments' employees must acknowledge the terms of the Code when hired and at least annually thereafter. Any individual not in compliance with the Code may be subject to discipline.

Clients and prospective clients can obtain a copy of Pinnacle Investments' Code of Ethics by contacting Mark Hansen at (774) 719-2258 or mhansen@pinnacle-llc.com.

#### Participation or Interest in Client Transactions and Personal Trading

Individuals associated with Pinnacle Investments may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is the expressed policy of Pinnacle Investments that no person employed by Pinnacle Investments shall prefer his or her own interest to that of an advisory or sub-advisory client or make personal investment decisions of advisory clients. To supervise compliance with its Code of Ethics, Pinnacle Investments requires that anyone associated with advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. Pinnacle Investments requires such access persons to also receive approval from the Chief Compliance Officer prior to investing in any private placements (limited offerings).

Pinnacle Investments requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Pinnacle Investments' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline.

#### Financial Information

In certain circumstances, registered investment advisors are required to provide clients with material financial information or disclosures about their financial condition. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important to an investment decision, or if it would alter the total mix of available information about the company.

PI does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance for either discretionary or non-discretionary accounts and does not produce stand alone balance sheets for its investment advisor operations. PI has never been the subject of a bankruptcy proceeding and it regularly files financial statements with the SEC. These are available through the SEC.

#### **Review of Accounts**

At Pinnacle Investments a representative sample of accounts are reviewed at least quarterly. The securities held in Portfolio Management accounts are reviewed frequently and may be reviewed more frequently in the event of material market, economic or political events or changes in the client's individual circumstances. Reviews are made by Pinnacle Investments' CEO, Ryan York, and Municipal Securities Principal, Robert Cuculich or their delegates.

Clients are provided with statements on a monthly or quarterly basis, depending on activity. These statements contain a description of any securities positions, money balances, or account activity to each customer whose account had a security position, money balance, or account activity during the period since the last such statement was sent to the customer.

#### **Client Referrals and Other Compensation**

Pinnacle Investments (or related persons) do not compensate for client referrals nor receive economic benefits, such as sales awards or other prizes, for providing investment advice or other advisory services to our clients.

We receive a non-economic benefit from Betterment Institutional and Betterment Securities in the form of the support products and services it makes available to us and other independent investment advisors whose clients

maintain their accounts at Betterment Securities. The availability to us of Betterment Institutional and Betterment Securities' products and services is not based on our giving particular investment advice, such as buying particular securities for our clients.

## PINNACLE INVESTMENTS, LLC

### Part 3 of Form ADV: Firm Brochure

March 15, 2021

Pinnacle Investments, LLC.  
507 Plum Street, Suite 120  
Syracuse, NY 13204  
United States  
(315) 251-1101  
[www.pinnacleinvestments.com](http://www.pinnacleinvestments.com)  
SEC File Number: 801-67860  
CRD Number: 40686

This brochure provides information to retail investors regarding a relationship summary that discloses certain information about Pinnacle Investments, LLC ("Pinnacle Investments"). If you have any questions about the contents of this brochure, please contact us at (315) 251-1101 and/or [compliance@pinnacleinvestments.com](mailto:compliance@pinnacleinvestments.com)

Current copies of this brochure are available online at:  
[www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links](http://www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links)

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 Pinnacle Investments is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We are dually registered with FINRA & SEC, although registration does not imply a certain level of skill or training.

#### **Item 1: Introduction**

- A. Pinnacle Investments is registered with the Securities and Exchange Commission as both a Broker-Dealer ("BD") and Registered Investment Adviser ("RIA"). Pinnacle Investments is a member firm of FINRA, MSRB and SIPC.

Pinnacle Investments provides both broker-dealer and investment advisory services and fees differ. It is important for the retail investor to understand the differences.

- B. Free and simple tools are available to research firms and financial professionals at **[Investor.gov/CRS](http://Investor.gov/CRS)**, which also provides educational materials about broker-dealers, investment advisers, and investing.

#### **Item 2: Relationships and Services**

##### **A. What investment services and adviser can you provide me?**

## B. Description of Services

Pinnacle Investments offers brokerage and investment advisory services to retail investors. Pinnacle Investments offers the following advisory services: financial planning, portfolio management for individuals and/or small businesses, selection of other advisers, investment advisory service, and investment advice through consultation. In addition, Pinnacle Investments offers brokerage services, including buying and selling securities.

Pinnacle Investments, when acting as a registered investment adviser, earns management fees based upon the asset value in your account.

Pinnacle Investments, when acting as a broker-dealer acts in an agency and principal capacities. The term **capacity**, in general, refers to whether your **broker-dealer** acts as your **agent**, on your behalf, in the transaction; or whether your **broker-dealer** acts as a principal, for its own account, in the transaction.

The primary form of charging your account in an agency transaction is via transaction-based commissions. The primary form of charging your account in a principal transaction is via markups/markdowns on your transactions.

Pinnacle Investments does offer recommendations to retail investors.

- (i) **Monitoring:** Pinnacle Investment's advisors, when acting as investment advisers, review retail investors investments on an annual basis. However, we do not formally monitor client accounts.
- (ii) **Investment Authority:** Pinnacle Investment's when acting as an investment adviser, accepts discretionary authority.

Pinnacle Investments, when acting as a broker-dealer, makes recommendations to retail investors. These recommendations are in accordance with FINRA Rule 2111. FINRA Rule 2111 requires, in part, that a broker-dealer or associated person "have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the firm or associated person to ascertain the customer's investment profile." In general, a customer's investment profile would include the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs and risk tolerance.

- (iii) **Limited Investment Offerings:** Pinnacle Investments offers advice on both proprietary as well as non-proprietary products. Pinnacle Investments does not offer a limited menu of products or types of investments. Regardless of the products Pinnacle Investments' representatives offer our representatives act in the best interest of the client.

- (iv) **Account Minimums and Other Requirements:**

Pinnacle Investments does not have minimums or any of our broker dealer services.

## C. Additional Information:

Pinnacle Investments is a dually registered broker-Dealer ("BD") and Registered Investment Adviser ("RIA").



Pinnacle Investments is a member firm of FINRA and SIPC. We were founded in the year 1995 and are organized as a limited liability company under the laws of New York State. Our fiscal year ends in the month of December each year.

Pinnacle Investments is 100% owned by Pinnacle Holding Company, LLC which is organized as a limited liability company. There are no individual owners of 25% or more of Pinnacle Holding Company, LLC. FKAPI, Inc., a domestic entity, owns 25% or more of Pinnacle Holding Company, LLC.

Pinnacle Investments provides continuous and regular supervisory or management services to securities portfolios. As of January 30, 2020, assets under management ("AUM") managed on a discretionary basis was \$803,802,836 while AUM managed on a non-discretionary basis was \$10,906,164.

Pinnacle Investments in conjunction with our Investment Advisor Representatives ("Pinnacle IAR") offers the following advisory services: financial planning, portfolio management for individuals and/or small businesses, selection of other advisers, investment advisory service, and investment advice through consultation not included in aforementioned services.

### **Mutual Funds and Exchange-Traded Funds in Advisory Programs**

Mutual fund companies typically offer multiple share classes of each of their mutual funds with varying levels of fees and expenses. Mutual funds or share classes offered through our advisory Programs are not necessarily the least expensive. Investing in mutual funds will generally be more expensive than other investment options available in your advisory account, such as ETFs. In addition to the Program fee, you will also bear a proportionate share of each fund's expenses, including investment management fees that are paid to the fund's investment adviser. These expenses are an additional expense to you and not covered by the Program fee; rather, they are embedded in the price of the fund. You should carefully consider these underlying expenses, in addition to the Program fees, when considering any advisory Program and the total compensation we receive. Other funds and share classes may have different charges, fees, and expenses, which may be lower than the charges, fees, and expenses of the funds and share classes made available in the Program. An investor who holds a less-expensive share class of a fund will pay lower fees over time - and earn higher investment returns - than an investor who holds a more expensive share class of the same fund.

### **AdvisorPro**

Pinnacle IARs may provide investment advisory services to your account on a discretionary basis in their role of Portfolio Manager. Based on your investment objectives and individual needs your Portfolio Manager will have discretion to manage your assets. Pinnacle Investments' Portfolio Managers maintain any required industry examinations and registrations. Individual Portfolio Managers may develop specific investment strategies using a mix of analytic methods. Such strategies ordinarily include long-term and short-term securities purchases and, depending on your objectives and the Portfolio Manager's investment philosophy, supplemental covered option writing in addition to the long positions of calls and/or puts. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short-sale transactions. Due to any number of factors, including timing of deposits, investment selection process or investment needs, certain clients may receive different execution prices and investment results. Accounts are managed on a discretionary basis.

### **Pinnacle Capital Management**

Pinnacle Capital Management, LLC ("PCM") was founded in August 2006 and is a wholly owned subsidiary of Pinnacle Holding Company, LLC. PCM is organized as a Delaware limited liability company. PCM has one office located in Fayetteville, New York.

PCM provides investment supervisory services and offers advice on:

- equity securities (exchange-listed securities, securities traded over-the-counter, foreign issuers)
- corporate debt securities
- commercial paper
- certificates of deposit (bank CDs)
- municipal securities
- investment company securities (mutual fund shares)
- hedge funds
- United States government securities
- options contracts on securities
- interests in partnerships investing in real estate
- asset backed securities (ABS) including but not limited to residential real estate mortgage backed securities (MBSs), collateralized loan obligations (CLOs), commercial mortgage backed securities (CMBSs), and ABS backed by credit card receivables, auto loans, and equipment leases,
- private placement debt securities.

PCM offers advisory services and sub-advisory services, where appropriate, to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, investment companies, hedge funds, corporations, insurance companies and other business entities.

PCM provides advice to clients regarding investment of assets based on the individual needs of the client. Client investment objectives, risk tolerances and time horizon are established at the beginning of each client relationship and updated as client needs change. If desired, PCM will assist clients in developing a personal investment policy and create and manage a portfolio based on that policy. PCM will manage advisory accounts on either a discretionary or non-discretionary basis. Account supervision is guided by the stated objectives of each client.

PCM will create a portfolio, or advise on the creation of a portfolio, consisting primarily of individual equities, exchange traded funds, mutual funds, hedge funds, fixed income securities and cash equivalents (e.g. money market funds). PCM will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds, hedge funds and exchange traded funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry or geographic sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by the investment style selected based on each client's individual needs and circumstances.

Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities. As appropriate, PCM may engage in margin transactions or option writing for client accounts. As these strategies involve additional risks, they will only be recommended when consistent with the client's stated risk tolerance.

PCM acts as a portfolio manager for the advisory programs discussed below with trades executed through the sponsor of the program. This form of directed brokerage may result in trading costs and execution services that are not as advantageous to the client as when PCM seeks "best execution." PCM receives a portion of advisory fee for its portfolio management services.

PCM provides portfolio management services in the Pinnacle Investments' Pinnacle Capital Management Separately Managed Account Program ("PCM SMAP"). PCM SMAP is an advisory program where Pinnacle Investments, a dually registered firm affiliated with PCM through common ownership and control, acts as adviser. PCM is the sub-adviser responsible for portfolio management services within the program. As part of its portfolio management services, depending on the version of the PCM SMAP agreement, PCM may vote proxies on behalf of participants. PCM is compensated by Pinnacle Investments for providing portfolio management services for clients participating in the PCM SMAP program. Participants in PCM SMAP are clients of Pinnacle Investments and not advisory clients of PCM. Pinnacle Investments is responsible for assisting clients in understanding the PCM SMAP program as in light of the client's investment objectives and financial situation – initially and on an ongoing basis. Pinnacle Investments is also responsible for client communication, portfolio reviews, client services, account maintenance and communicating client portfolio strategy changes to PCM. PCM manages client portfolios in accordance with the portfolio strategy selected on the PCM SMAP agreement with full trading discretion, subject to written restrictions, and does not act in any other capacity. These clients should refer to PI's disclosure document for the program for additional information.

### **Wrap-Fee Programs Offered:**

**Pinnacle Investments offers clients the following Wrap Fee ("Wrap-fee") Programs:**

#### **Ascend**

Pinnacle Investments has entered into an agreement with Betterment, LLC to utilize its platform for our Ascend program. The Ascend program is designed to help investors achieve their goals by providing broad diversification and automatic rebalancing combined with ongoing advice from a Pinnacle Investments' IAR. Accounts are managed on a discretionary basis.

#### **WFA Programs**

Pinnacle Investments has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services ("WFA Programs"). Clients of investment advisory accounts described herein are clients of Pinnacle Investments. Pinnacle Investments is not related to or affiliated with WFA or Wells Fargo Clearing Services, LLC (the "Clearing Agent"). Unless otherwise specified, Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to Pinnacle Investments with respect to the following WFA Programs: 1) Masters, 2) Diversified Managed Allocations ("DMA"), 3) FundSource, 4) Compass and 5) Allocation Advisors. Please review the appropriate WFA Disclosure Documents for a complete description of each program.

WFA does not provide advisory services to Pinnacle Investments with respect to: 6) Private Investment Management ("PIM"), 7) Asset Advisor and 8) CustomChoice. While Pinnacle Investments is the sponsor of these advisory programs, WFA provides certain non-advisory services which enable Pinnacle Investments to offer these programs.

The Pinnacle IAR may receive compensation as a result of the Client's participation in the program. The amount of this compensation may be more than what the Client may receive if the Client participated in Pinnacle's other programs or paid separately for investment advice, brokerage, and other services. The Pinnacle IAR, therefore, may have a financial incentive to recommend the wrap fee program over other programs or services.

### **1) Masters Program**

As part of the Masters Program we assist you in reviewing your investment objectives and any particular restrictions you would like to designate with respect to individual securities. We also assist you in selecting one or more investment advisers ("Managers") from the designated lists of options. A wide range of Managers and individual portfolios ("Strategies") are offered as a means to satisfy diverse individual client risk-return objectives, preferences and related considerations. Accounts are managed on a discretionary basis.

### **2) Diversified Managed Allocations ("DMA")**

Under the DMA Program, we assist you in reviewing your investment objectives and selecting among several Optimal Blends. Optimal Blends are target allocations comprised of strategies of certain unaffiliated investment advisers ("Managers"), mutual funds and/or ETFs designed for Clients with various investment objectives. You may also choose to create your own Customized Blend and target allocation by selecting from our list of available Managers, mutual funds, ETFs and/or variable annuities. Mutual funds and/or ETFs may be selected individually or may also be included as part of an Optimal Blend. In the Optimal Blends or Customized Blends, mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Accounts are managed on a discretionary basis.

### **3) FundSource**

FundSource is a discretionary investment advisory Program that offers a broad array of mutual funds that invest in and across different investment asset classes and employ varied approaches to investment management. "Optimal Blends" are managed portfolios of recommended funds, based on due diligence and asset allocation guidance provided by, Wells Fargo Investment Institute ("WFII"), for a number of different investment objectives. Based on your investment objectives, financial circumstances and risk tolerance, your IAR will recommend either an Optimal Blend or a Customized Blend, created in consultation with you, which you may select as the target allocation for your Account. Once you choose an Optimal or Customized Blend, the assets in your Account will be invested by your Financial Advisor on a discretionary basis. The combination and allocation strategy of the selected mutual funds in an Optimal Blend is based the appropriate target asset allocation and/or risk/return profile for your investment objective and risk tolerance. The target allocation for Customized Blends is determined at the time your Account is established in the FundSource Program. In order to maintain the Account in conformance with your targeted fund allocations, WFA will automatically rebalance it periodically if actual allocations vary by more than certain established percentages from the target allocation. We will generally rebalance the Account annually, unless market conditions indicate we should do so more frequently. You may also request us to rebalance your Account as necessary. If your Account is managed pursuant to a Customized Blend, you may opt out of automatic rebalancing. Accounts are managed on a discretionary basis.

### **4) Compass**

The Compass Program is designed to provide a disciplined approach to meet the varying objectives and needs of Clients. Each Compass Program Portfolio is normally developed by utilizing a combination of equity and fixed income securities, ETFs, exchange-traded notes ("ETNs"), open-end mutual funds and closed-end mutual funds ("CEFs"). Mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Accounts are managed on a discretionary basis.

### **5) Allocation Advisors**

The Allocation Advisors Program is an investment advisory Program that enables you to invest in one of several discretionary Portfolios. Program portfolios are developed by WFA or an unaffiliated investment adviser contracted by WFA for their management expertise. The Allocation Advisors Advisory Program is designed to provide a disciplined approach to meet the varying objectives and needs of Clients through objective-based or asset allocation portfolios. WFA develops and manages the Allocation Advisors Portfolios for the Program which are the Strategic ETF Portfolios, the Cyclical Asset Allocation Portfolios Plus ("CAAP Plus"), the Compass ETF Portfolios, the Intuitive Investor ETF Portfolios, and the Allocation Advisors Active/Passive Portfolios. These portfolios are developed with a focus on a risk, return, and correlation between asset classes, while taking into consideration asset allocation guidelines based upon various time frames. The unaffiliated investment advisers, Morningstar Investment Management, LLC and Laffer Investments also develop Portfolios for this Program. They do not provide other services with respect to the Program.

Portfolios in this Program ordinarily consist of exchange-traded funds ("ETFs"), exchange-traded notes ("ETNs"), closed-end funds, open-end mutual funds and other securities. Mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. WFA or the unaffiliated investment adviser determines both the asset allocation and security selection utilized in the Portfolios, and will review those selections periodically. Both the asset allocation and/or securities utilized in the Portfolios may be adjusted or replaced at any time. Under the Program you give WFA full discretion over your Account's asset allocation and security selection; which is determined by the portfolio selected by you. The Portfolios can be restricted to meet individual needs and objectives upon request and approval by the Portfolio Manager(s). Accounts participating in the Program are managed separately and are not pooled. Your IAR will review your investment advisory needs, objectives and risk tolerance with you, and recommend a portfolio that is appropriate for you. Accounts are managed on a discretionary basis.

#### **6) Private Investment Management ("PIM")**

The PIM Program utilizes stocks, bonds, cash, Program eligible mutual funds, ETFs, CEFs, fee-based UITs, CDs and covered options to construct the investment portfolio. Program eligible mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Individual PIM Portfolio Managers may develop specific investment strategies which ordinarily include long and short-term securities purchases and, depending on your objectives and the Portfolio Manager's investment philosophy, supplemental covered option writing. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short sale transactions. Accounts are managed on a discretionary basis by the Pinnacle IAR.

#### **7) Asset Advisor**

Asset Advisor is a non-discretionary, Client directed investment Program in which your IAR may provide a broad range of investment recommendations based on your investment objectives, financial circumstances and risk tolerance. You have the option of accepting these recommendations or selecting different investments for your Account. Most types of securities are eligible for purchase in an Asset Advisor Account including, but not limited to, common and preferred stocks, exchange-traded funds ("ETF"), closed-end funds ("CEF"), fee-based unit investment trusts ("UIT"), corporate and government bonds, certificates of deposit ("CD"), options, structured products, certain mutual funds whose shares can be purchased at net asset value, certain wrap class alternative investments, such as hedge funds and managed futures funds, and certain wrap class variable annuities. Collectively, these are referred to as "Program Assets." Program eligible mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize

derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Accounts are not managed on a discretionary basis.

## 8) CustomChoice

CustomChoice is a non-discretionary, Client directed mutual fund investment Program. Program eligible mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. Your IAR may provide investment recommendations based on your investment objectives, financial circumstances and risk tolerance. You have the option of accepting these recommendations or selecting different investments for your Account. Accounts are not managed on a discretionary basis.

## Account Requirements

The minimum initial account values for the Programs in this document are listed below. Under certain circumstances, the minimum account size may be waived. WFA may act as sub-adviser for the advisory programs. The minimum and maximum account size required by Pinnacle Investments may differ than that required by WFA as stated in the WFA advisory program Brochure or applicable Disclosure Document. You should refer to the chart below, as appropriate, to determine the minimum account size requirements.

Program Name	Minimum Account Size
AdvisorPro	\$10,000 may be waived
Pinnacle Capital Management	\$50,000 may be waived
Ascend	No minimum
Personalized UMA	\$200,000 Optimized Blends \$10,000 Customized Blends
FundSource	\$25,000
Compass	
Current Equity Income	\$50,000
Income Multi-Asset Portfolio	\$50,000
Conservative Growth & Income	\$250,000
Moderate Growth & Income	\$250,000
Aggressive Growth & Income	\$250,000
Conservative Growth	\$250,000
Moderate Growth	\$250,000
Aggressive Growth	\$150,000
Taxable Fixed Income	\$2,000,000
Tax-Exempt Fixed Income (Municipals)	\$2,000,000
Custom Option Portfolio	\$250,000
Option Premium Income Strategy	\$3,000,000
Equity Portfolios	\$50,000
Private Investment Management ("PIM")	\$50,000
Asset Advisor	\$25,000

CustomChoice	\$25,000
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### **Charles Schwab & Co., LLC (Schwab)**

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis, at no charge to advisors.

### **Services that Benefit Client**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit clients or their account(s).

### **Services that May Not Directly Benefit Clients**

Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Irrespective of direct or indirect benefits to our client through Schwab, we strive to enhance the client's experience, help reach their goals and put their interests before that of our firm or its associated persons.

Schwab has eliminated commissions for online trades of equities, ETFs and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account please refer to Schwab's most recent pricing schedules available at [schwab.com/aspricingguide](https://www.schwab.com/aspricingguide).

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), 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 within the wrap-fee you are charged by our firm.

In the event Pinnacle offers transaction based pricing, the IA may absorb certain transaction costs in wrap fee accounts, the IA may have a financial incentive not to place transaction orders in those accounts since doing so increases its transaction costs. Thus, an incentive exists to place trades less frequently in a wrap fee arrangement.

We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades.

### **TD Ameritrade**

TD Ameritrade Advisor Services is TD Ameritrade's business serving independent investment advisory firms like ours. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to TD Ameritrade retail customers. TD Ameritrade also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. TD Ameritrade's support services are generally available on an unsolicited basis, at no charge to advisors.

### **Services that Benefit Client**

TD Ameritrade's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through TD Ameritrade include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. TD Ameritrade's services described in this paragraph generally benefit clients or their account(s).

### **Services that May Not Directly Benefit Clients**

TD Ameritrade also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both TD Ameritrade's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts



not maintained at TD Ameritrade. In addition to investment research, TD Ameritrade also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

TD Ameritrade also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

TD Ameritrade may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. TD Ameritrade may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Irrespective of direct or indirect benefits to our client through TD Ameritrade, we strive to enhance the client's experience, help reach their goals and put their interests before that of our firm or its associated persons.

TD Ameritrade has eliminated commissions for online trades of equities, ETFs and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to TD Ameritrade. We encourage you to review TD Ameritrade's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account please refer to TD Ameritrade's most recent pricing schedules available at [TD Ameritrade.com/aspricingguide](https://www.tdameritrade.com/aspricingguide).

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), 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 within the wrap-fee you are charged by our firm.

In the event Pinnacle offers transaction based pricing, the IA may absorb certain transaction costs in wrap fee accounts, the IA may have a financial incentive not to place transaction orders in those accounts since doing

so increases its transaction costs. Thus, an incentive exists to place trades less frequently in a wrap fee arrangement.

We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades.

## **Types of Clients**

Pinnacle Investments may provide the advisory services described in this brochure to individuals, pension or profit sharing plans, trusts, estates or charitable organizations, corporations or other business entities, governmental entities and educational institutions, as well as banks or thrift institutions.

D. Conversation Starters: Below are sample questions for retail investors to ask a financial professional and start a conversation about relationships and services:

- (i) Given my financial situation, should I choose an investment advisory service? Why or why not?**
- (ii) How will you choose investments to recommend me?**
- (iii) What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?**

## **ITEM 3. Fees, Costs, Conflicts and Standard of Conduct**

### **A. What fees will I pay?**

#### **(i) Description of Principal Fees and Costs**

- a. Pinnacle Investments, when acting as a broker-dealer acts in an agency and principal capacities. The term capacity, in general, refers to whether your broker-dealer acts as your agent, on your behalf, in the transaction; or whether your broker-dealer acts as a principal, for its own account, in the transaction.

The primary form of charging your account in an agency transaction is via transaction-based commissions. The primary form of charging your account in a principal transaction is via markups/markdowns on your transactions.

A retail investor would be charged more when there are more trades in his or her account, and that our firm may therefore have an incentive to encourage a retail investor to trade often.

Please see list of fees below (the information is also available at [www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links](http://www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links)):

- (b) Pinnacle Investments charges asset-based fees, as such the more assets there are in a retail investor's advisory account, the more a retail investor will pay in fees, and Pinnacle Investments may therefore have an incentive to encourage retail investor to increase the assets in his or her account. Fees are described below.

- (1) We have wrap fee program fees with asset-based fees associated with the wrap fee program will include most transaction costs and fees and are therefore higher than typical asset-based advisory fees.
- (2) With respect to conflicts of interest, the more assets that are in a retail investor's advisory account, the more the retail investor will pay in fees, and the firm will have an incentive to encourage the retail investor to increase the assets in his or her account.

(ii) **Description of Other Fees**

In addition to the fees and costs disclosed in Item 3.A.(i), retail investors may pay directly or indirectly fees such as custody fees, account maintenance fees, fees related to mutual funds and variable annuities, and other transactional fees and product-level fees.

Specific fees for when Pinnacle Investments is acting as a broker-dealer and investment advisor are listed below and can also be found at [www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links](http://www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links).

**List of Pinnacle Fees:**

**Statement of Interest Charges**

Accounts on which Interest is Charged • Calculation of Interest • Lien and Collateral

To assist you in managing your borrowing needs and to familiarize you with the terms under which credit is extended on your account, we have developed this Statement of Interest Charges. Please review this Statement of Interest Charges prior to utilizing credit.

**Accounts on which Interest is Charged**

Interest may be charged on margin credit extended for the purpose of purchasing, carrying or trading in securities. Interest charges are calculated on a settlement date basis and details supporting such calculation will be displayed on your monthly statement.

Payments for purchases in cash accounts should be received on or before the settlement date shown on the trade confirmation. If your payment is received after that date, an interest charge may be posted to your cash account.

Proceeds from a sale in a cash account are not required to be disbursed prior to the settlement date shown on the trade confirmation. Occasionally, we may honor a request to disburse sale proceeds prior to settlement date. If this privilege is utilized, an interest charge may be posted to your account.

**Calculation of Interest**

Your annual rate of interest will vary depending on the size of your daily adjusted debit balance. The daily adjusted debit balance is the net total of the settled balances in your account.

Short positions are "marked-to-market" daily. Since the security sold short must be borrowed in order to deliver it to the buying broker, the credit that results from the sale is not available to you. The market value of the short sale is debited against your margin balance to arrive at a daily adjusted debit balance for interest purposes. The daily closing price is used to determine any appreciation or depreciation of a security sold short, which will adjust your daily adjusted debit balance.

You may be charged additional fees in connection with establishing and maintaining a short position and such charges may be disclosed to you at the time a short position is established or may be imposed or increased from time to time in light of changing market conditions. When a security that you have sold short is no longer easy-to-borrow, we may make an immediate change to any fees that may be paid by you or assessed to your account to reflect current rates relating to the borrow.

The annual rate of interest applicable to your account will be computed using a selected rate above the Wall Street Journal (WSJ) Prime Rate. Your annual rate of interest may change, without prior notice to you, in accordance with changes to the WSJ Prime Rate. If the interest rate charged to you is individually negotiated (a "Negotiated Rate"), such Negotiated Rate will be a percentage at, above or below the WSJ Prime Rate.

Your Negotiated Rate will change consistent with changes to the WSJ Prime Rate without prior notice to you. We may terminate your Negotiated Rate without prior notice to you and you will be charged an interest rate above your Negotiated Rate but not more than our table of interest rates.

For the current WSJ Prime Rate, please visit: [www.wsj.com/market-data/bonds/moneyrates](http://www.wsj.com/market-data/bonds/moneyrates) or contact your Financial Professional.

The table of interest rates is as follows:

<b><u>Margin Debit Balance</u></b>	<b><u>Rate of Interest</u></b>
\$0 to \$24,999.99	WSJ Prime + 5.875%
\$25,000 to \$49,999.99	WSJ Prime + 4.750%
\$50,000 to \$99,999.99	WSJ Prime + 4.625%
\$100,000 to \$249,999.99	WSJ Prime + 3.000%
\$250,000 to \$499,999.99	WSJ Prime + 2.875%
\$500,000 to \$999,999.99	WSJ Prime + 2.750%
\$1,000,000 to \$4,999,999.99	WSJ Prime + 2.250%
\$5,000,000 to \$9,999,999.99	WSJ Prime + 1.750%
\$10,000,000 and above	WSJ Prime + 1.500%

Interest is computed daily on the basis of a 360-day year using the following formula:

<u>Adjusted Debit Balance</u>	X	<u>Interest Rate</u>	X	<u>Number of Days</u>
1		100		360

### **Lien and Collateral**

Wells Fargo will maintain a first priority perfected security interest in the securities or other property (the "Securities Collateral") in your account when credit is extended to you. You agree to promptly satisfy all margin and maintenance calls. Should your account fall below margin maintenance requirements, Wells Fargo may liquidate the Securities Collateral in your Account, or any other account you may have an interest in held at Clearing Firm, without notice to you.

### **Schedule of Fees**

#### **Annual Account Fees**

Annual account fees will be charged in September and will be based on the type of account you own on June 30. Listed below are the annual fees associated with each type of account.

Pinnacle Investments offers clients many options to avoid annual fees. Please see below and contact your financial advisor for more details.

Type of Account	Annual Fee
Investment (standard brokerage) Account	\$75.00
Individual Retirement Account*	\$75.00
UGMA/UTMA	\$75.00
Advantage**	\$75.00

\*Includes traditional, Spousal, Roth, SEP and SIMPLE IRAs.

\*\* Other administrative fees may apply to Advantage (check copies, checkbook orders, ATM fees, additional debit card, etc.).

If you meet any of the fee waiver criteria below, your account will not be charged the annual account fee above.

- Accounts opened on or after January 1 of the current year (does not apply to Advantage, IRA, or ESA accounts)
- A household relationship with Pinnacle Investments, LLC that totals \$500,000.00 or more as of June 30, 2016
- All accounts that are enrolled in a First Clearing Managed/Fee-based program OR a Pinnacle Investments, LLC proprietary Managed/Fee-based program
- DVP Accounts
- 529 Plans
- Qualified retirement plan accounts (excluding IRAs)
- Accounts with open-end mutual fund positions of \$100,000 or more
- Accounts with annuity positions only

If you have any questions regarding the applicability of these fees, please contact your financial advisor.

Pinnacle Investments, LLC Schedule of Client Fees<sup>1</sup>:

Annual Fee by Account Type	Amount
Investment Account Inactivity Fee (Standard Brokerage/Advantage Basic)	\$75.00
Custodial (UGMA/UTMA) Account Inactivity Fee	\$75.00
Education Savings Account (ESA) Inactivity Fee	\$20.00
Advantage Account - Check Writing w/Debit Card	\$125.00
Advantage Basic - Check Writing w/o Debit Card	No Charge
WFCS Custodian IRA	
Annual Maintenance	\$75.00
Termination Fee	\$95.00
<b>Transaction Service Fees</b>	
Postage and Handling - Trade Confirmation	\$5.00 per trade
Transaction, Execution, Ticket Charge Fee	\$20.00 per trade

Mutual Fund No Load Accommodation Fee	\$25.00 per trade
Account Transfer to Another Firm (ACAT)	\$95.00
Domestic Wire Transfers	\$25.00
International Wire Transfers	\$25.00
Return of Deposited Checks	\$10.00
Insufficient Funds (Advantage Checks drawn on account)	\$20.00
Stop Payment	\$25.00
<b>Product Fees - Advantage Account</b>	
Check Orders - Individual	
Initial Order - Standard Wallet (40 checks)	Free
Initial Order - Duplicate (150 checks)	\$20.00
Reorders - Standard Wallet (120 checks)	\$9.00
Reorders - Standard Duplicate (120 checks)	\$20.00
Check Orders - Corporate Checks (Standard)	
Initial Order - Three on a page (252 checks w/cover)	\$131.97
Reorders - Three on a page (252 w/o cover)	\$87.79
Debit Cards	
Additional Card	\$10.00
Fastcard Fee - Overnight delivery per card	\$20.00
ATM Transactions	No internal service fee. No fee using Wells Fargo Bank ATM
Check Copies	3 free checks per month; \$15 each copy over 3
Check Research	\$5.00
<b>Other Fees</b>	
Delivery of Foreign Security Certificate	\$250.00 per security
Transfer & Ship of Physical Certificates (shares re-registered and mailed to client)	\$500.00
Rush Withdrawal Registration (3-5 business days)	\$500.00
Rejection of ineligible physical certificates presented for deposit	\$50.00
Replacement of Securities Lost by Customer + 90 days issued by First Clearing	\$100.00 + out-of-pocket
Safekeeping Charge	\$25.00/security; \$250 max/yr per acct
Direct Participation Program	\$100.00 annually
Overnight Express Mail	\$15.00
Prepay Margin Fees - Trades	\$15.00 or margin interest, whichever is greater

<sup>1</sup>Fees are subject to change.

- b. When Pinnacle Investments is acting as an investment adviser we charge retail investors asset-based fees, fixed fees, and wrap fee program fees. The principal fees we charge for our investment advisory fees are based upon assets under management.

All of the program accounts described in this brochure are charged a fee on eligible assets that covers advisory services. Those programs further identified as Wrap Fee programs also include execution, custodial, and reporting services in the fee. Fee Schedules for each program are set forth above.

Please see list of fees above, the information is also available at [www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links](http://www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links).

### **AdvisorPro Fee Schedule**

AdvisorPro account fees are 3.00% annualized. This rate may be negotiated based on account size, investment complexity and level of service required. Fees payable by advisory clients are payable in advance. Fees will be invoiced at the beginning of each Billing Period based upon the value (market value or fair market value in the absence of market value) of the Advisory account(s) at the end of the previous Billing Period or average daily balance of the prior Billing Period for existing clients whose agreement specifies that calculation. Billing Periods normally span 3-months but may alternately be monthly. Client hereby authorizes the account custodian ("Custodian") to pay the fees directly to Pinnacle. To pay any fees incurred, funds will be deducted from the account and if necessary from liquidating holdings in the following order: cash positions; money market funds or current positions. Fees are deducted directly from the advisory account(s), but if specified in writing, may be deducted from a different non-retirement account, including non-advisory accounts. If requested in writing, fees may also be billed and paid by check if within 10 days of invoice date otherwise fee will be deducted from the advisory account. The initial fee payable when an account is opened will be based on the initial deposit made into the account including the value of any securities. Should this Agreement be accepted on a date other than the first day of the Bill Period, Client's asset-management fee will be calculated on a pro-rata basis for that period.

Client may be responsible for additional costs including, but not limited to, transaction and custodial fees. Currently \$5.00 is charged on each transaction for postage and handling related to the generation of trade confirmations and periodic account statements. Trades are also charged \$15.00 for execution and clearing although this may be negotiated based on account size, investment complexity and level of service required. The minimum annual Program fee under this Agreement will be \$100.00. Accordingly, Client may pay an effective rate that is greater than the rate specified.

If a client terminates their advisory relationship with Pinnacle Investments before the end of the quarter, a pro-rated refund of advisory fees will be made to the client less reasonable start-up costs including transaction costs.

### **Pinnacle Capital Management Fee Schedule**

PCM's fees are 3.00% annualized and the minimum initial account value required for a separately managed account is generally \$50,000. Rates and minimums may be negotiated based on account size, investment complexity and level of service required.

Fees payable by advisory clients are payable in advance. Fees will be invoiced at the beginning of each Billing Period based upon the value (market value or fair market value in the absence of market value) of the Advisory account(s) at the end of the previous Billing Period or average daily balance of the prior Billing Period for existing clients whose agreement specifies that calculation. Billing Periods normally span 3-months but may alternately be monthly. Client hereby authorizes the account custodian ("Custodian") to pay the fees directly to Pinnacle. To pay any fees incurred, funds will be deducted from the account and if necessary from liquidating holdings in the following order: cash positions; money market funds or current positions. Fees are deducted directly from the advisory account(s), but if specified in writing, may be deducted from a different non-retirement account, including non-advisory accounts. If requested in writing, fees may also be billed and paid by check if within 10 days of invoice date otherwise fee will be deducted from the advisory account. The initial fee payable when an account is opened will be based on the initial deposit made into the account including the value of any securities. Should this Agreement be accepted on a date other than the first day of the Bill Period, Client's asset-management fee will be calculated on a pro-rata basis for that period.

Client may be responsible for additional costs including, but not limited to, transaction and custodial fees. Currently \$5.00 is charged on each transaction for postage and handling related to the generation of trade

confirmations and periodic account statements. Trades are also charged \$5.00 for execution and clearing although this may be negotiated based on account size, investment complexity and level of service required. The minimum annual Program fee under this Agreement will be \$100.00. Accordingly, Client may pay an effective rate that is greater than the rate specified.

If a client terminates their advisory relationship with PCM before the end of the quarter, a pro-rated refund of advisory fees will be made to the client less reasonable start-up costs including transaction costs.

### **Ascend Program Fee Schedule**

**Standard Fees:** Fees for Ascend are only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as each Manager's fee for their services. Fees for our Ascend program vary depending on the service model. Annualized fees range from 0.25% to 1.5% if a Pinnacle adviser representative is involved with investment management services. This rate may be negotiated based on account size and level of service required. Betterment, LLC receives 0.25% for the use of their platform. The portion of the fee above 0.25% is retained by Pinnacle Investments. In addition, ETFs have fees associated with them that you will pay above and beyond the stated contract rate you sign. These fees are embedded within the price of the ETF. Please refer to the prospectus for specific fees associated with a given ETF. Fees are billed quarterly in arrears. Fees are calculated beginning one day before the end of the prior quarter and the accrual of fees ends two days prior to the end of the current quarter.

**Account Requirements:** There is no minimum requirement for account size to participate in the Ascend program. The program is intended for use by retail clients.

## **WFA Programs**

### **1) Masters Program Fee Schedule**

#### **Masters Fees**

Fees for Masters Accounts are only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as each Manager's fee for their services.

**Standard Fee** 2.50% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$375 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

### **2) Diversified Managed Allocations ("DMA") Fee Schedule**

#### **DMA Fees**

Fees for DMA Accounts are only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as each Manager's fee for their services. In addition, mutual funds and ETFs have fees associated with them that you will pay above and beyond the stated contract rate you sign. These fees are embedded within the price of the mutual fund or ETF. Please refer to the prospectus for specific fees associated with a given mutual fund or ETF.



**Standard Fee** 2.55% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$375 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

### **3) FundSource Fee Schedule**

#### **FundSource Fees**

Fees for FundSource Accounts are only offered on a wrap-fee basis, covering all of our execution, consulting and custodial services as well as each Manager's fee for their services. In addition, mutual funds and ETFs have fees associated with them that you will pay above and beyond the stated contract rate you sign. These fees are embedded within the price of the mutual fund or ETF. Please refer to the prospectus for specific fees associated with a given mutual fund or ETF.

**Standard Fee** 2.00% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement. Notwithstanding this fee calculation, the minimum fee charged to the Account will be \$75 per quarter. You should be aware that the imposition of the minimum fee may cause the Program fee rate (expressed as a percentage) to be greater than the fee stated in the Fee Schedule table for the Program. Under certain circumstances, the minimum fee may be waived.

### **4) Compass Fee Schedule**

#### **Compass Fees**

Fees for Wells Fargo Compass Advisory Program Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services. The fees do not cover the fees and expenses of any underlying ETFs, closed-end funds, or mutual funds.

**Standard Fee** 2.25% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement. There is a minimum fee of \$250 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

### **5) Allocation Advisors Fee Schedule**

#### **Allocation Advisors Fees**

Fees for Allocation Advisors Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services. The fees do not cover internal expenses of any underlying ETFs, closed-end funds, or mutual funds. If you select a Portfolio developed by an unaffiliated investment adviser, the investment adviser will be compensated from 0.05% - 0.20% annually.

**Standard Fee** 2.25% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$125 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

## **6) Private Investment Management ("PIM") Fee Schedule**

### **PIM Fees**

Fees for PIM Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services.

**Standard Fee** 2.75% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$125 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

## **7) Asset Advisor Fee Schedule**

### **Asset Advisor Fees**

Fees for Asset Advisor Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services.

**Standard Fee** 2.00% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$125 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

## **8) CustomChoice Fee Schedule**

### **CustomChoice Fees**

Fees for Asset Advisor Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services.

**Standard Fee** 1.50% (annualized, calculated on your account value).

The current standard fee, which is negotiable, is shown above. Please consult the Program Features and Fee Schedule of your Client Agreement.

There is a minimum fee of \$125 per quarter. You should be aware that the imposition of the minimum fee may cause your fee (expressed as a percentage) to be greater than the standard fee stated above. Under certain circumstances, the minimum fee may be waived.

### **Account Termination of WFA programs**

Your account agreements may be terminated by either party at any time upon notice. If you terminate your Agreement, a pro rata refund will be made, less reasonable start-up costs. You have the right, within five (5) days of execution, to terminate the Client Agreement without penalty. In the event of cancellation of Client Agreements, fees previously paid pursuant to the fee schedule will be refunded on a pro rata basis, as of the date notice of such cancellation is received by the non-canceling party, less reasonable start-up costs.

### **Payment of Fees for WFA programs**

Unless otherwise indicated, Client hereby authorizes the account custodian ("Custodian") to deduct the fees from their Account for the services provided on a wrap-fee basis (i.e., there are no separate charges for execution services or Manager fees). Client agrees to pay the fees based on the type of account chosen by Client, which fees will be deducted directly from the particular Account, unless Pinnacle Investments and Client agree otherwise. If Client directs Pinnacle Investments to debit fees from an alternate account, this election will continue until Client provides notice of revocation of this election. Pinnacle Investments will have a reasonable amount of time to act on Client's election. The initial fee payment will be due in full on the date the Account is accepted by Pinnacle Investments ("the commencement date"), and will be based on Account Asset Value on that date with the initial fee prorated for the then current quarter and covers the remainder of such quarter. Thereafter, the quarterly renewal fee will be based on the Account Asset Value on the last business day of the previous calendar quarter and will become due the following business day.

### **Additional Compensation - Class A and C Shares**

Additional compensation may be received depending on the share class of mutual funds held in an advisory account. Class C mutual funds include 12(b)-1 fees which are generally up to 1% per year on assets while Class A mutual funds include 12(b)-1 fees which are generally up to 0.25% per year on assets. Institutional shares generally do not have 12(b)-1 fees.

#### **(iii) Addition Information**

**You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.**

Specific fees for when Pinnacle Investments is acting as an investment adviser have been disclosed above.

Specific fees for when Pinnacle Investments is acting as a broker-dealer are listed above and can also be found at [www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links](http://www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links)

#### **(iv) A question a retail investor should ask a financial professional is "Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?"**

### **(B) What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts do you have?**

#### **(i) Standard of Conduct**

- a. Pinnacle Investments, when acting as a broker-dealer, provides recommendations subject to Regulation Best Interest. When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the services we provide. Here are some examples to help you understand what this means:

#### Employee vs. Client Conflicts:

The compensation arrangements or incentives for the firm or its employees could affect whether employees recommend or offer a particular security or transaction to a client.

#### Outside business activities:

If your broker or adviser engages in an outside business activity it can cause the appearance of a conflict. Typically, this may occur if the broker or adviser engages in an outside business activity relating to a stock offering and employer for the outside business activity tries to have the broker or adviser

#### Dual Registration – Investment Advisor/ Broker Capacity

Pinnacle Investments, LLC is both an SEC registered investment adviser and a registered broker-dealer. As such it is able to act in an advisory capacity and have managed accounts as well as act in a brokerage capacity and maintain brokerage accounts. It is important that the broker or adviser is clear on that role when engaging with a client.

A material conflict of interest may arise when a brokerage account converts to an advisory account where investment advisor representatives place clients in asset-based fee accounts versus transaction-based fee accounts. The same conflict may arise when an advisory account converts to a brokerage account where investment advisory representatives place clients in transaction-based accounts versus asset -based fee accounts.

Pinnacle Investments, LLC addresses this potential conflict of interest through the use of an internal policy that requires that a Pinnacle representative fill in a form with pertinent information when a brokerage account converts to an advisory account or, vice versa, when an advisory account converts to a brokerage account. The information pertains directly to the reasoning for the transfer of the account and requires the signature of the designated supervisor.

There is a potential conflict that arises when representatives of Pinnacle Investments, LLC, who are individual shareholders of Pinnacle Holding Co., LLC, invest client assets with its affiliate, Pinnacle Capital Management, LLC, because profitability of Pinnacle Capital Management, LLC could impact shareholder value. We feel this conflict is minimized in that representatives of Pinnacle Investments, LLC must ensure that any PCM products are in the best interest of the client.

#### **Brokerage Transaction:**

Pinnacle Investments is required to provide clients with the best execution possible for their transactions. An appearance of a conflict of interest may occur if a broker-dealer or investment adviser directs transactions to a certain market center that may not provide able to provide clients the best possible execution price on their transactions.

#### **Front Running:**

Front Running is not only a conflict of interest but also a prohibited act. This situation results when a broker or advisor takes advantage of non-public information about a large block trade and purchases or sells the securities in his or her own account ahead of the block execution.

- b. **When we act as your investment adviser**, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you.

- c. **When we provide with a recommendation as your broker-dealer or act as an investment adviser,** we have to act in your best interest and not put ours ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you.

(ii) Examples of Ways You Make Money and Conflicts of Interest:

- a. **Proprietary Products:** Investments that are issued, sponsored or managed by Pinnacle Investments or our affiliates.

**1789 Growth and Income Fund**

The 1789 Growth and Income Fund is a 40 Act Mutual Fund that seeks income and growth of capital by investing primarily in stocks with high and growing dividends. Pinnacle Investments is the distributor for the Fund and Pinnacle Investments' affiliate Pinnacle Capital Management is the Advisor to the Fund.

**Pinnacle Aggressive Growth Global, Extended Fund (PAGGE)**

PAGGE is a private 130/30 long/short fund. Pinnacle Investments' affiliate Pinnacle Capital Management is the Advisor and General Partner to the Fund.

**New York Service Award Fund, Exclusive Fund (NY SAFE)**

NY SAFE is a Private Fund of which 1/3 is invested long/short in equity and 2/3 is invested in fixed income. Limited Partners are limited to Volunteer Length of Service Award Programs and Firefighter Benevolent Associations in New York State. Pinnacle Investments' affiliate Pinnacle Capital Management is the Advisor to the Fund.

- b. **Third-Party Payments:** We do not receive third party payments when we recommend or sell certain investments.
- c. **Revenue Sharing:** We do not receive revenue sharing from managers or sponsors of specific investments.
- d. **Principal Trading:** Investments Pinnacle Investments buy from a retail investor and/or investments Pinnacle Investments sells to a retail investor, for or from our own accounts, respectively.

(iii) Conversation Starter:

**How might your conflicts of interest affect me and how will you address them?**

(iv) Additional Information

For our statement regarding Conflicts of Interest please see

[www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links](http://www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links)

### C. How do your financial professionals make money?

(i) Descriptions of How Financial Professionals Make Money:

Pinnacle Investments' financial professionals make money when acting as a broker in the form of commissions for agency transactions and markups/downs for principal transactions.

Pinnacle Investments' financial professionals make money when acting as an advisor in the form of a pre-agreed upon fee that they charge a retail investor for assets under management.

(ii) Required Topics in the Description:

Pinnacle Investments' financial professionals are compensated based on factors such as: the amount of client assets they service; the time and complexity required to meet client's needs; product sales commissions; and revenue the firm earns from the financial professional's advisory services or recommendations.

### 4. Disciplinary History:

A. **Do you or your financial professionals have legal or disciplinary history?**

B. Yes

In 2015, Pinnacle Investments, without admitting or denying the findings, consented to the censure and fine in the amount of \$12,500 due to the findings that it failed to preserve all business related communication sent or received by a registered rep and his assistant who were using outside email accounts

C. (i) Search Tool: Retail Investors should visit **Investor.gov/CRS** for a free and simple search tool to research Pinnacle Investments and our financial professionals.

(ii) Conversation Starter: Here is a question you should ask your financial professional: **As a financial professional, do you have any disciplinary history? If so, for what type of conduct?**

### 5. Additional Information:

A. A retail investor can find additional information about our brokerage or investment advisor services and request a copy of our relationship summary. This information can be found at [www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links](http://www.pinnacleinvestments.com/about-pinnacle-investments/disclosures-links)

B. Retail investors can request a copy of the relationship summary at (315) 295-1101.

C **Conversation Starter:** A retail investor should ask about contacts and complaints. They should ask: **Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?**