

FIRETHORN PARTNERS, LLC

SEC Form ADV Part 2A



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This brochure ("Brochure") provides information about the qualifications and business practices of Firethorn Partners, LLC ("Firethorn Partners"). If you have any questions about the contents of this Brochure, please contact us at info@firethornpartners.com or by telephone at 713.701.1812. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority, and references in this Brochure to Firethorn Partners as a "registered investment adviser" are not intended to imply a certain level of skill or training.

Additional information about Firethorn Partners is also available on the SEC's website at www.adviserinfo.sec.gov. Firm CRD no. 288935.

ITEM 2

Material Changes

This is an annual amendment to the last annual Form ADV filed on March 25, 2021. The following does not identify every change to the firm brochure since the last update. There have been some minor word clarifications and enhancements throughout the brochure. Since our last annual amendment:

- We have enhanced our general risk disclosures under Item 8 to address legal and regulatory risk, systems and technology risks, cybersecurity risks and pandemic risks
- Various clarifications were made throughout this Brochure

ITEM 3

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ITEM 4

Advisory Business

Founded in March 2017, Firethorn Partners, LLC, a Delaware limited liability company (hereinafter, “Firethorn Partners” or the “Firm”) is an investment advisor registered with the U.S. Securities and Exchange Commission (the “SEC”). The Firm provides investment management services to its Clients (individually, the “Client”). This Brochure is not: a) an offer or agreement to provide advisory services to any person, b) an offer to sell interests (or a solicitation of an offer to purchase interests) in any investment fund, or c) a complete discussion of the features, risks or conflicts associated with any investment fund or any other product or service offered by Firethorn Partners.

Firethorn Partners is owned by Mr. Sanders, Mr. Rhemtulla, Mr. Bains, and Mr. Tomicic. Mr. Bains’ beneficial ownership is held through a Canadian corporation, Cadogan Park Advisors Inc. (“Cadogan Park”) and Bayswater Partners LLC. Mr. Tomicic’s beneficial ownership is held through Martom Holdings LLC. Firethorn Partners operates in the US through its management office in Houston and an investment office in Vancouver, providing investment advisory services to US domiciled clients. Cadogan Park is a Canadian based investment adviser registered with each of the following Securities Commissions: Alberta, British Columbia, Ontario and New Brunswick. Cadogan Park provides investment advisory services to Canadian domiciled clients and expats. Clients may engage one or both of Firethorn Partners and Cadogan Park to fulfill their investment mandates depending on the specific personal circumstances and tax residency. Both Firethorn Partners and Cadogan Park are registered with the SEC under the Investment Advisers Act of 1940 (“Advisers Act”) and share personnel and office space at their principal place of business in Vancouver, BC. Registration as an investment adviser, or any reference to the Firms being “registered” does not imply a certain level of skill or training.

Firethorn Partners engages in specialized services that may appeal to expatriate individuals or those individuals that reside in one jurisdiction while they continue to have assets in another jurisdiction (cross border services). Firethorn Partners’ activities with respect to non-U.S. clients may differ from those described generally herein and Firethorn Partners or its affiliate, Cadogan Park, may provide additional or different services to non-U.S. clients. Furthermore, any discussion of activities with respect to non-U.S. clients is intended solely to provide recipients a more complete understanding of Firethorn Partners’ business, including potential conflicts of interest.

Firethorn Partners provides investment advisory services. Investment decisions are based upon each client’s Investment Policy Statement (IPS). The assessment of a client’s risk and return objectives is achieved through the completion of the client’s personal profile questionnaire, including the client’s personal financial situation, investment objectives and risk tolerance. This information combined with any input from the client’s other professional advisors, is then finalized in a mutually agreed IPS. The client’s assets are then invested in accordance with the guidelines defined in the IPS, which may also indicate the eligible investments to be used to achieve the portfolio’s investment mandate.

Firethorn Partners may allocate (and/or recommend that the client allocate) a portion of a client’s investment assets among independent investment managers (Sub-Advisors) in accordance with the client’s designated investment objective(s). In such situations, the Sub-Advisors shall have day-to-day responsibility for the active discretionary management of the allocated assets. Firethorn Partners shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which

Firethorn Partners shall consider in recommending Sub-Advisor(s) include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

In addition to the IPS, each client will formally agree to engage the services of Firethorn Partners through an Investment Management Agreement (IMA). This document includes information on the client's identity and personal financial situation. It is the responsibility of the client to keep Firethorn Partners updated on an ongoing basis with respect to any information contained in the IMA, including any significant changes to their personal or financial situation that could impact the appropriateness of the client's IPS.

Investment Advisory Services

A Personal Strategy is a comprehensive investment portfolio. It is focused on achieving the client's financial goals and is designed to grow with the client over time. Portfolios in a Personal Strategy are custom designed and are flexible to meet the Client's needs or wants. Personal Strategy asset allocations go beyond basic stock and bond portfolios. They invest globally, primarily utilizing individual equities and ETFs. Our unique tactical index weighting approach adds further diversification and potential return by ensuring exposure to all areas of the market while avoiding being overweight to high-risk segments. Firethorn Partners believes that asset allocation is the most important investment decision. The goal-based nature of a Personal Strategy means the Client's asset allocation is continuously linked to their evolving situation, thereby maximizing the likelihood of long-term success.

- A. Firethorn Partners conducts an initial client review gathering personal information and a profile questionnaire.
- B. Firethorn Partners utilizes information provided by the client and that of their other professional advisors, and then prepare an IPS.
- C. Firethorn Partners presents investment recommendations to each prospective client as aligned with their IPS.
- D. Firethorn Partners implements portfolios on a discretionary basis and may take into consideration recommendations or specifications provided by the client but are under no obligation to fulfill such requests.
- E. The client is free to choose a customized investment portfolio solution or one of three model portfolios:
 - i. BALANCED (Equities – 55%; Fixed Income – 37%; Cash – 8%)
 - ii. GROWTH (Equities – 70%; Fixed income – 25%; Cash – 5%)
 - iii. ALL EQUITY (Equity – 95%; Cash – 5%)
- F. Portfolio Rebalancing within these models may occur 3 times per year.
 - i. CUSTOM (Equity – 60%; Fixed Income – 20%; Cash – 7%; Currencies – 5%; Alternative – 8%)
- G. There is no Automatic re-balancing on custom portfolios.
- H. Custom and Model portfolios are managed on a discretionary basis.

- Ongoing discretionary investment management applicable
- Automatic MODEL portfolio rebalancing
- Tax optimization and tax loss harvesting, as applicable
- Portfolio personalization, as applicable
- Financial planning
- Assigned personal financial advisor
- Unaffiliated, qualified custodian used
- U.S. and Canada cross border portfolio planning as applicable.

Assets Under Management

ASSETS UNDER MANAGEMENT: Firethorn Partners has \$18,784,524 regulatory assets under management.

ITEM 5

Fees and Compensation

Firethorn Partners charges a single fee based on the value of the client's assets under management. The single fee includes portfolio management. Fees are calculated based on the net asset value of each client's account as of the end of each month and deducted on a quarterly basis in arrears. All fees are set by agreement. Firethorn Partners' fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third-party investments and other third parties, such as fees charged by managers, custodial fees, odd lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Clients are required to establish brokerage accounts at a qualified custodian ("Broker" or "Brokers") identified by Firethorn Partners, which currently included: National Bank Independent Network; Fidelity Brokerage Services LLC; and Millennium Trust Company. See Item 12 below for more information on the Brokers.

All client assets are held in custody at the above listed Brokers. None of the above custodians/brokers are affiliated with Firethorn Partners.

Each client authorizes Firethorn Partners to debit the advisory fee directly from their investment account held by the qualified custodian. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees are liquidated to pay for the unpaid advisory fee balance.

All fees paid to Firethorn Partners, for advisory services are separate and distinct from the fees and expenses charged by exchange traded funds, mutual funds, closed-end investment companies or other managed investments to their shareholders. The specific fees and expenses are described in each fund's prospectus and will be in addition to the fees described in Item 4 herein.

In addition to the aforementioned, there may be other costs assessed, which are not included in the advisory services fees, such as charges for transactions not executed through Firethorn Partners' designated Broker, costs associated with exchanging currencies, wire transfer fees, or other fees required by law.

Clients may purchase the products recommended by Firethorn Partners through other investment advisers.

ITEM 6

Performance Based Fees

Not applicable.

ITEM 7

Types of Clients

Firethorn Partners provides portfolio management services to individuals, high net worth individuals, specific trusts and businesses. There are no minimum requirements for our clients.

ITEM 8

Method of Analysis, Investment Strategies and Risk of Loss

Firethorn Partners' investment analyses emphasize asset allocation, research and portfolio diversification techniques over individual security analysis.

Firethorn Partners' security analysis methods include:

- a tactical asset allocation strategy that attempts to identify an appropriate ratio of equity, fixed income, and cash equivalent securities. The objective of tactical asset allocation is to invest more heavily in markets, asset classes, sectors, or industries which Firethorn Partners believes are valued below their intrinsic value. Simultaneously, the objective also attempts to avoid markets, asset classes, sectors, or industries which Firethorn Partners believes are trading above their intrinsic value.
- Sampling and screening relevant baskets of securities, or indices, in order to select the desired security attributes.
- Fundamental analysis – evaluating securities based upon historical and projected financial performance.
- While client portfolios are generally invested over a longer time frame, Firethorn Partners' strategy may involve purchasing securities with the intent of holding the security for a period of less than a year.

Investing in securities involves risk of loss that clients should be prepared to bear. Below are brief summaries of some of the risks that investors and clients should consider before investing in any account that Firethorn Partners manages. Any or all these risks could materially and adversely affect investment performance, the value of any account or any security held by that account and could cause clients to lose substantial amounts of money. Potential clients should carefully review the applicable account agreement. A potential client should discuss with Firethorn Partners' representatives any questions that such person may have before investing.

- Client accounts may not achieve their investment objectives. A strategy may not be successful, and investors or clients may lose some or all of their investments.

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bond holdings become comparatively less attractive, causing their market values to decline. These fluctuations could lead to substantial losses for clients.

- Market Risk: The price of a security may drop in reaction to tangible and intangible events and

conditions. This type of risk may be caused by external factors independent of a security's particular underlying circumstances. At times, economic conditions in certain parts of the world have fluctuated significantly, resulting in volatile securities markets and periodic large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to the accounts. For example, political, economic and social conditions may trigger market events. These drops could lead to substantial losses for clients.

- **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.

- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.

- **Investor Sentiment:** Investor sentiment on the market, an industry, technology or an individual stock, bond, fixed-income security or other security or commodity is unpredictable and can adversely affect an account's investments.

- **Business Risk:** These risks are associated with an industry or a company within an industry. For example, a pharmaceutical company often undertakes a lengthy process or research and development and regulatory approvals, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generally generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like. These idiosyncratic risks particular to a company may lead to substantial losses if a client's account is invested substantially in any individual company.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Conflicts:** Firethorn Partners and its principals and affiliates spend time on other activities, some of which may compete with investment activities for a particular client, including investing for other clients and their own accounts and engaging in other activities in the investment industry. These other activities create conflicts over the amount of time spent managing each client. If Firethorn Partners or such persons receive better compensation and other benefits from managing other assets or client accounts, they have an incentive to allocate more time to those other activities. These factors could influence Firethorn Partners not to make investments on a client's behalf even if such investments would benefit the client.

- **Preferential Terms:** Firethorn Partners may provide certain investors or clients with reduced fees and allocations, certain other preferential rights, and special liquidity rights that it does not provide to other investors or clients. These preferential rights may adversely affect the clients' portfolio positions, and accordingly, the other investors or clients.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must 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.

- **Concentration of Portfolio:** An account may invest in a relatively limited number of investments, so aggregate returns realized by it may be substantially affected by the unfavorable performance of a small number of such investments. Any concentration in an industry, security, issuer or country will make an account more susceptible to fluctuations in value and losses resulting from adverse economic conditions affecting that particular industry, security, issuer or country.

- **Non-US Investments:** An account may invest in securities of non-U.S., private and government issuers. The risks of these investments include political risks, risks associated with the economic conditions and legal systems of the country in which the issuer is located, limitations on foreign investment in any such country, currency exchange risks, withholding taxes, more limited information about the issuer, limited liquidity and limited regulatory oversight.

- **Counterparty Risks:** Counterparties such as brokers, dealers, custodians and administrators with which Firethorn Partners does business on behalf of an account may default on their obligations. For example, an account may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.

- **Legal and Regulatory Matters Risks:** Legal developments which may adversely impact investing and investment-related activities can occur at any time. "Legal Developments" means changes and other developments concerning foreign, as well as US federal, state and local laws and regulations, including adoption of new laws and regulations, amendment or repeal of existing laws and regulations, and changes in enforcement or interpretation of existing laws and regulations by governmental regulatory authorities and self-regulatory organizations (such as the SEC, the US Commodity Futures Trading Commission, the Internal Revenue Service, the US Federal Reserve and the Financial Industry Regulatory Authority). Our management of accounts may be adversely affected by the legal and/or regulatory consequences of transactions effected for the accounts. Accounts may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by governmental regulatory authorities or self-regulatory organizations.

- **System Failures and Reliance on Technology Risks:** Our investment strategies, operations, research, communications, risk management, and back-office systems rely on technology, including hardware, software, telecommunications, internet-based platforms, and other electronic systems. Additionally, parts of the technology used are provided by third parties and are, therefore, beyond our direct control. We seek to ensure adequate backups of hardware, software, telecommunications, internet-based platforms, and other electronic systems, when possible, but there is no guarantee that our efforts will be successful. In addition, natural disasters, power interruptions and other events may cause system failures, which will require the use of backup systems (both on- and off-site). Backup systems may not operate as well as the systems that they back-up and may fail to properly operate, especially when used for an extended period. To reduce the impact a system failure may have, we continually evaluate our backup and disaster recovery systems and perform periodic checks on the backup systems' conditions and operations. Despite our monitoring, hardware, telecommunications, or other electronic systems malfunctions may be unavoidable, and result in consequences such as the inability to trade for or monitor client accounts and portfolios. If such circumstances arise, the Investment Committee will consider appropriate measures for clients.

- **Cybersecurity Risk:** A portfolio is susceptible to operational and information security risks due to the increased use of the internet. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses

or other malicious software code, gaining unauthorized access to systems, networks, or devices through “hacking” or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches by third-party service providers may cause disruptions and impact the service providers’ and our business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement, or other compensation costs, and/or additional compliance costs. While we have established business continuity plans and risk management systems designed prevent or reduce the impact of such cyberattacks, there are inherent limitations in such plans and systems due in part to the everchanging nature of technology and cyberattack tactics.

- **Pandemic Risks:** The recent outbreak of the novel coronavirus rapidly became a pandemic and has resulted in disruptions to the economies of many nations, individual companies, and the markets in general, the impact of which cannot necessarily be foreseen at the present time. This has created closed borders, quarantines, supply chain disruptions and general anxiety, negatively impacting global markets in an unforeseeable manner. The impact of the novel coronavirus and other such future infectious diseases in certain regions or countries may be greater or less due to the nature or level of their public health response or due to other factors. Health crises caused by the recent coronavirus outbreak or future infectious diseases may exacerbate other pre-existing political, social, and economic risks in certain countries. The impact of such health crises may be quick, severe and of unknowable duration. This pandemic and other epidemics and pandemics that may arise in the future could result in continued volatility in the financial markets and could have a negative impact on investment performance.

- **Regulations:** Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that Firethorn Partners must devote to regulatory compliance, to the detriment of its investment activities.

- **Taxes:** Firethorn Partners’ and its affiliates’ activities could cause adverse tax consequences to clients and investors, including liability for interest and penalties.

The above risks are not meant to represent all risks associated with investing, and investments typically carry the potential for a loss of your total investment. Please discuss the risks associated with investing with your investment advisory representative to ensure you are comfortable with the level of risks in your portfolio.

ITEM 9

Disciplinary Information

Firethorn and Mr. Bains entered into a settlement agreement with the BC Securities Commission dated March 02, 2020 related to alleged incomplete filings. Mr. Bains engaged a compliance firm to manage its registration process and submit these filings, but nonetheless remained responsible for any alleged inaccuracies submitted on its behalf. The matter was concluded via an administrative settlement that was in excess of \$2,500. No sanctions, suspensions, revocations or orders accompanied this settlement.

ITEM 10

Other Financial Industry Activities and Affiliations

Firethorn Partners is an independent investment advisor, unaffiliated with any other financial institution or securities dealer. Other than the description and details provided in Item 4 above with respect to its affiliate, Cadogan Park, the Firm does not have any related parties, nor does it or its employees have any affiliation to a broker dealer or futures/commodities merchant.

ITEM 11

Code of Ethics

Firethorn Partners has adopted a Code of Ethics (“Code”) designed to comply with Rule 204A-1 under the Advisers Act. The Code establishes rules of conduct for all employees of Firethorn Partners and is designed to educate all of Firethorn Partners employees of the Firm’s ethical standards and prohibition of fraudulent, deceptive or manipulative conduct.

The Code is based upon the principle that Firethorn Partners and its employees have a fiduciary duty to Firethorn Partners’ clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with Firethorn Partners and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

Firethorn Partners’ Code of Ethics includes prohibitions against the use of material non-public information. Employees are prohibited from trading for themselves or others while in possession of material nonpublic information (NPI) as well as communicating NPI to anyone else. The Code also covers protecting the confidentiality of client information.

The Code of Ethics also covers restrictions on personal securities transactions of employees. Officers or employees of Firethorn Partners are permitted to invest in the same securities (with limitations and pre-clearance requirements) that are purchased on behalf of clients for their personal investment considerations. Firethorn Partners also reserves the right to disapprove any proposed transaction that may have the appearance of improper conduct. Firethorn Partners does not foresee a conflict of interest due to the liquidity and depth of the markets in which these securities trade. Clients should be aware that this potential conflict of interest exists. Clients may request a copy of the Code of Ethics by forwarding an email to compliance@Firethornpartners.com

ITEM 12

Brokerage Transactions

Firethorn Partners will arrange for the execution of securities brokerage transactions for client portfolios through broker-dealers which Firethorn Partners reasonably believes will provide “best execution”. In seeking “best execution”, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealers’ services including the value of research provided, execution capability, commission rates and responsiveness. Accordingly, although Firethorn Partners will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions.

The factors that Firethorn Partners may consider in determining which brokers to use include among other things:

- Research reports, services and conferences (including third-party research fees);
- Outsourced trading expertise and trading desk access;
- Economic and market information;
- Portfolio strategy advice;
- Industry and company comments;
- Technical data;
- Performance measuring data;
- On-line pricing;
- Special execution capabilities;
- Outsourced trading services;
- Block trading and block positioning capabilities;
- Willingness to execute related or unrelated difficult transactions in the future;
- Willingness to commit capital;
- Knowledge of market participants;
- Order of call;
- Sophistication of computerized trading systems;
- Clearance and settlement;
- Reputation, financial strength and stability;
- Confidentiality;
- Efficiency of execution and error resolution;
- Quotation services;
- Availability of stocks to borrow for short trades;
- Custody, recordkeeping and similar services;
- General business or operational consulting; and
- Other matters involved in the receipt of brokerage services generally.

Firethorn Partners also may purchase from a broker, or allow a broker to pay for, all or a portion of operating costs and expenses of Firethorn Partners or its affiliates, such as:

- Supplies;
- Newswire and data processing charges;
- Quotation services and equipment;
- Accounting, administrative and legal fees;
- Periodical subscription fees;
- Third party research fees;
- Costs and expenses of offering and selling interests and shares in the Funds and communicating with existing and prospective investors; and
- Registration fees to attend research conferences.

Consistent with obtaining best execution, transactions for client portfolios may be completed through broker-dealers in return for research products and/or services that assist Firethorn Partners in its investment decision-making process. Such research generally will be used to service all of Firethorn Partners' clients (including accounts that may not generate commissions used to pay for investment research), but brokerage commissions paid by a client may be used to pay for research that is not used in managing that client's accounts. Client accounts may pay to a broker-dealer a commission greater than another qualified broker-dealer might charge to affect the same transaction where Firethorn Partners determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

Firethorn Partners' relationships with brokers that provide soft dollar services influence its judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not, and in allocating the costs of mixed-use products between their research and non-research uses. Firethorn Partners has an incentive to select or recommend a broker based on Firethorn Partners' interest in receiving soft dollar services rather than clients' interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that Firethorn Partners uses soft dollars to pay expenses it would otherwise be required to pay itself.

Firethorn Partners attempts to address these conflicts of interest by periodically evaluating the trade execution services that it receives from the brokers that it uses to execute trades for clients. Such evaluation includes comparing those services to the services available from other brokers. As part of those evaluations, Firethorn Partners may consider, among other things, quantitative and qualitative factors such as the services described above and the desirability of adding or removing brokers, increasing or decreasing targets for each broker (based on Firethorn Partners' assessment of the value of the services that each broker provides) and the appropriate level of commission rates.

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. If Firethorn Partners uses commission dollars to pay for products or services that provide administrative or other non-research assistance to itself or its affiliates, such payments may not fall within the section 28(e) safe harbor, although Firethorn Partners intends to use reasonable best efforts to comply with section 28(e) in all material respects.

Transactions for each client account generally will be completed independently unless Firethorn Partners decides to purchase or sell the same securities for several Clients at approximately the same time. Firethorn Partners may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Firethorn Partners' Clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Firethorn Partners' Clients in proportion to the purchase and sale orders placed for each Client portfolio on any given day. To the extent that Firethorn Partners determines to aggregate Client orders for the purchase or sale of securities, including securities in which Firethorn Partners' principals and/or associated person(s) may invest, Firethorn Partners shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital Inc. Firethorn Partners shall not receive any additional compensation or remuneration as a result of the aggregation.

ITEM 13

Review of Accounts

Firethorn Partners utilizes portfolio management software to monitor and manage clients' accounts on a periodic basis. Exception reporting is monitored by a member of the Investment Committee. Deviation from an account's determined asset allocation parameters and the addition or removal of a specific security from the designated model portfolio may trigger periodic rebalancing. Each

client account will be reviewed periodically by the Investment Committee, and each portfolio manager will review client accounts frequently. Accounts are supervised continuously and reviewed quarterly by the Chief Compliance Officer or his alternate.

Firethorn Partners provides clients on-line access to their financial information. In addition, Firethorn Partners provides a detailed quarterly report to each client, as well as brokerage account statements and confirmations from our designated Custodian/Broker. Clients are urged to periodically compare statements prepared by Firethorn Partners and the applicable Broker with regard to activity, holdings and valuations.

ITEM 14

Client Referrals and Other Compensation

Firethorn Partners may enter into agreements with third-party solicitors who refer clients to us. Such referral fees shall be paid solely from Firethorn Partners' compensation as defined in the agreement and shall not result in any additional charge to the client. A written disclosure statement disclosing the terms of the referral arrangement between Firethorn Partners and the referrer will be provided to the client in advance, including the compensation to be received by the referrer from Firethorn Partners. Any solicitation agreements will be in accordance with Rule 206(4)-3 under the Advisers Act.

ITEM 15

Custody

Clients' assets are maintained with qualified custodians that are not affiliated with Firethorn Partners. The qualified custodians are authorized by clients to deduct and direct payment of Firethorn Partners' advisory fees directly from the clients' custodial accounts. Such clients receive account statements directly from their respective custodians on at least a quarterly basis. Each client should carefully review those statements.

If a client also receives an account statement from Firethorn Partners, it will be based on the information provided to Firethorn Partners from the custodian of the client's account. Clients are urged to carefully review such statements and compare such official custodial records to the account statements that Firethorn Partners may provide to the client. Firethorn Partners' statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

ITEM 16

Investment Discretion

Clients retain Firethorn Partners on a discretionary basis to provide continuous investment advice pursuant to an IMA that describes the services to be provided.

Consistent with the client's investment objectives, Firethorn Partners typically will have full investment decision making authority over the type of investments and brokerage for the client's account. In addition to the IMA, Firethorn Partners' Terms and Policies statement and the agreement between the client and the custodian/broker-dealer for the account grant this

discretionary authority to Firethorn Partners. The client's written agreement with the custodian also grants a limited power of attorney to Firethorn Partners to effect transactions in the client's custodial account. When selecting securities and determining amounts, Firethorn Partners seeks to follow the investment policies and limitations of the clients.

ITEM 17

Voting Client Securities

In the absence of specific voting guidelines from a client, Firethorn Partners does not vote proxies for its clients.

Clients are permitted to vote their own proxies by “opting out” of proxy voting services during the account opening process, or at any time, by submitting a request in writing to Firethorn Partners. If a client chooses to “opt out”, they do so on an “all or none” basis and agree to respond to their own proxies independently of Firethorn Partners.

ITEM 18

Financial Information

Since Firethorn Partners is an advisory firm that maintains discretionary authority for clients' accounts, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our obligations. Firethorn Partners has no such financial circumstances to report.

Under no circumstances does Firethorn Partners require or solicit payment of fees in excess of \$1,200 per client, more than six months in advance of services rendered. Therefore, Firethorn Partners is not required to include a financial statement.

Firethorn Partners has not been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19

Privacy Policy

Firethorn Partners:

- collects non-public personal information about its clients from the following sources:
 - information received from the clients on applications or other forms;
 - information about the clients' transactions with Firethorn Partners, its affiliates or others; and
 - information Firethorn Partners receives from consumer reporting agencies;
- does not disclose any non-public personal information about its clients or former clients to anyone, except as permitted by law;
- restricts access to non-public personal information about its clients to its employees who have a business or professional reason to know such information; and

- maintains physical, electronic and procedural safeguards that comply with federal standards to guard their investors' personal information.