

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



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This brochure provides information about the qualifications and business practices of Greatmark Investment Partners, Inc. If you have any questions about the contents of this brochure, please contact us at a telephone number or email listed above. 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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Greatmark Investment Partners, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105267.

## Item 2    Material Changes

This Firm Brochure provides you with a summary of Greatmark Investment Partners, Inc.'s advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform you of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of **December 31**. We will provide you with a summary of the revised information along with an offer to deliver the full revised Brochure within 120 days of our FYE.
2. The material changes in this brochure from the last annual updating amendment of Greatmark Investment Partners, Inc. on 03/11/2022 are described below. Material changes relate to Greatmark Investment Partners, Inc.'s policies, practices or conflicts of interests only.
  - Greatmark Investment Partners, Inc has added written acknowledgement of fiduciary duty. (Item 4)
  - We have added and updated language to more clearly describe our process for client account reviews. (Item 13)
  - We have added a description of those situations where we may be deemed to have custody of client assets. (Item 15)

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## **Item 4     Advisory Business**

Greatmark Investment Partners, Inc. is a SEC-registered investment adviser with its principal place of business located in Columbus, Georgia. Greatmark Investment Partners, Inc. began conducting business in 1987 as Adams Investment Management, Inc. The firm changed its name in 2007.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Jeffrey G. Adams, Portfolio Manager and Principal
- Richard B. Illges, Portfolio Manager and Principal

Greatmark Investment Partners, Inc. offers the following advisory service to our clients:

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment strategy and create and manage a portfolio based on that strategy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis, where the client grants us written authority to decide which securities to purchase and sell for the client. Account supervision is guided by the client's assigned strategy (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. In limited situations, we may agree to manage a client's account on a non-discretionary basis, where we will recommend and advise a client on portfolio management but will not execute any transactions without the prior consent of the client.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's strategy objectives, tolerance for risk, liquidity and suitability.

#### **WRITTEN ACKNOWLEDGEMENT OF FIDUCIARY STATUS**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

#### **AMOUNT OF MANAGED ASSETS**

As of December 2022, we were actively managing \$ 681,029,433 of clients' assets on a discretionary basis plus \$ 4,609,324 of clients' assets on a non-discretionary basis.

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

#### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

Our advisory fees are based on a percentage of assets under management, as reported at the end of each calendar quarter. Our basic fee schedule is:

<b>Equity Assets &amp; Securities</b>	<b>Annual Fee</b>
First \$700,000	1%
Balance over \$700,000 through \$2 million	3/4 of 1%
Balance over \$2 million	1/2 of 1%

<b>Fixed Income Assets (including Cash Equivalents) &amp; Mutual Funds</b>	<b>Annual Fee</b>
First \$2 million	1/2 of 1%
Balance over \$2 million	1/4 of 1%

**Limited Negotiability of Advisory Fees:** Although Greatmark has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Fees are calculated and billed each quarter based on the reported assets under management. Multiple accounts for an individual client will be consolidated for purposes of the fee calculation. Extended household and affiliated accounts are subject to negotiation for consolidation.

Advisory fee invoices, showing the schedule on which the fee was calculated and the market value on which the fee was calculated, will be delivered to our clients in conjunction with our quarterly reports, and are payable upon receipt. Initial and final period advisory fees will be prorated according to the actual days under management, as will significant contributions and withdrawals (greater than 10 percent of the client's total billable assets) during a period.

Clients may pay the fee by check, or at the sole discretion of the client, the client may provide written authorization to direct the account custodian to pay the advisory fee directly to Greatmark from funds held in the client's account.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

#### **GENERAL INFORMATION**

**Fee-only Compensation:** Greatmark's only source of compensation is the asset-based fees discussed above. Neither Greatmark nor any of its employees receive any compensation for the sale of securities or other investment products such as mutual funds.

**No Prepayment of Fees:** We bill our advisory fees in arrears, after the end of the quarter in which we earn them. Under no circumstances will we require or solicit payment of fees in advance of services rendered.

**Termination of the Advisory Relationship:** Initially our contract may be terminated within the first five days without penalty. This provision is restricted to our management fees and does not apply to market movements. A client agreement may be canceled at any time, by either party, for any reason generally upon **30** days written notice. A final invoice for advisory fees may be presented to the client (prorated through the date of termination).

**Mutual Fund Fees:** All fees paid to Greatmark Investment Partners, Inc. for investment

advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client may be able to invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and strategy. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to evaluate the advisory services being provided.

**Brokerage Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction commission charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Wrap Fee Programs:** Greatmark does not sponsor or act as a portfolio manager to a wrap program.

**ERISA Accounts:** Greatmark Investment Partners, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation, such as commissions or 12b-1 fees. Greatmark Investment Partners, Inc. and/or our related persons do not receive any commissions or 12b-1 fees on investment products. Please review our **WRITTEN ACKNOWLEDGEMENT OF FIDUCIARY STATUS** in Item 4 page 5 of this brochure for additional disclosure of our role as a fiduciary.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

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

Greatmark Investment Partners, Inc. does not charge performance-based fees – that is, fees based on us receiving a share of capital gains on or capital appreciation of the assets in a client account.

## **Item 7 Types of Clients**

Greatmark Investment Partners, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans
- Charitable organizations
- Corporations or other businesses not listed above

A minimum of **\$100,000** of assets under management is required for this service. Greatmark may group certain related client accounts for the purposes of achieving the minimum account size and determining the annual fee. This account size may be negotiable under certain circumstances, at the discretion of Greatmark.

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

### **METHODS OF ANALYSIS**

At Greatmark, we attempt to earn superior returns by investing in solid, well-managed businesses for the long-term. We want to invest with capable management teams that exhibit strong shareholder-oriented stewardship. We look for financially sound businesses which possess a sustainable competitive advantage. Having identified investment candidates that meet our criteria, we invest in the stock of a company if we believe we can purchase the shares for less than what we think they are worth. Common stock represents an ownership position in a real business, and we look upon our equity investments as owning pieces of that business. When we do invest in a business, we do so with the perspective of patient, long-term owners, not traders, and expect to remain in the investment for a period of several years, as the market will eventually recognize value as the management teams continue to create shareholder value.

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Asset Allocation.** As an integral step in creating and managing client portfolios, Greatmark aims to balance risk and reward for each client by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon. We do this in part by identifying an appropriate blend of equities, fixed income, and cash suitable for the client. These different asset classes have different levels of risk and return, so each will behave differently over time.

There is no simple formula that dictates the best investment mix for every client, and there is no assurance that we will identify a mix that will lead to the desired outcome for a client. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not adjusted, will no longer be appropriate for the client's goals. Although one goal of spreading your investments among several asset classes is to moderate portfolio risk, it is important to note that multiple asset classes can have poor years at the same time.

**Fundamental Analysis.** Our primary method of evaluating an asset attempts to measure its underlying fundamental worth and, in the case of common stocks, its potential for growth.



Fundamental analysis involves a wide range of issues that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and company-specific factors (like financial condition and management). In this process, we place a major emphasis on measures such as company size, past earnings and revenue growth rates, cash flow, balance sheet debt and liquidity, price-earnings ratio, and price relative to book value. The goal is to determine, within a range of values, what the stock is worth. With that estimate in hand, we can assess if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). We often use outside independent data and research in our analysis.

Given the wide range of factors and trends used to develop an estimate of an asset's fair value, there is a risk that we not arrive at an accurate appraisal using available information. We may not correctly anticipate a change in one or more the factors or trends that would influence our fair value estimate. Our strategy rests largely on the assumption that the price at which an asset is traded will eventually reflect its intrinsic value, but there can be no assurance that even if we are able to accurately arrive at a true value of an asset that the market will not continue to "misprice" that asset for an extended period of time, perhaps even years. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Qualitative Analysis.** Our analysis also includes a qualitative evaluation of a company's market opportunities, product development, management capability, merger potential, and other considerations that indicate the potential for future profit, as well as possible undervaluation of its stock. We seek to invest in companies led by management teams that have demonstrated a continued commitment to serving the interest of its shareholder.

These types of factors are often non-quantifiable and rest upon our judgment. As this is a subjective process and we are limited to analyzing publicly available information and not the private knowledge of management and boards of directors, our analysis may be incomplete or impaired. Although we believe that a capable and committed management team greatly increases the odds of a successful investment in a company, the ultimate success or failure of a company, and therefore an investment in it, will in part be as a consequence of factors outside of management's control.

**Technical Analysis.** This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's fundamental value, but instead use charts and other tools to identify patterns that can suggest future activity. At Greatmark, we use this technical analysis as a complement to our fundamental analysis, particularly when seeking entry and exit points for investments.

Technical analysts believe that the historical performance of an asset or market is indicative of future performance, but this may not be the case. Although many price movements can be interpreted within this framework in retrospect, it is often difficult to recognize the pattern as it is developing, when it is most useful to an investor. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) is appropriate to the needs of the client and consistent with the client's investment objectives and risk tolerance:

**Long-term purchases.** This is Greatmark's primary strategy for portfolios, and we purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** This is a secondary strategy that we may employ for a client within the portfolio as a complement to the long-term investments, or as the sole strategy for a more aggressive approach. With this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. Increased trading frequency will lead to higher expenses for a client, as well as potentially higher tax consequences.

**Margin transactions.** This involves purchasing and investing in stocks or other securities in a client account with money borrowed from the brokerage account. This allows an investor to purchase more stock than he or she would be able to with only the available cash, and allows us to purchase stock or withdraw funds without selling other holdings. We do this only in limited situations with clients trying to address a specific goal. We will discuss this strategy with a client before employing it, and never without a client's specific consent and knowledge.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. Investing in any securities, including mutual funds, involves a risk of loss of both income and principal. Past performance is no guarantee of future results. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9     Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Certain financial industry activities and relationships can create a material conflict of interest between an investment advisor and the client, or at least the potential for such.

Greatmark Investment Partners, Inc. and our employees are not engaged in other financial industry activities such as being a Registered Representative of a broker dealer, Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser, or Insurance Agent and have no other industry affiliations.

Greatmark does not work with third party money managers.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Greatmark Investment Partners, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

The Code is designed to, among other things, govern personal securities trading activities in the accounts of employees. It is based upon the principle that our firm and its employees owe a duty to clients to conduct our affairs, including our personal securities transactions, in such a manner as to avoid (i) serving our own personal interests ahead of clients, (ii) taking inappropriate advantage of our position with the firm and (iii) any actual or potential conflicts of interest or any abuse of our position of trust and responsibility. Our Code of Ethics includes policies and procedures for the periodic review of securities transactions reports as well as annual securities holdings reports that must be submitted by the firm's access persons.

Among other things, our Code of Ethics also prohibits any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Greatmark Investment Partners, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm are allowed to buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any employee may have an interest or position in a certain security(ies) which may also be purchased and held for investment for a client.

Greatmark has written policies designed to detect and prevent possible conflicts of interest with its clients, including those which may arise from employee and affiliated portfolios. Principals and employees may and typically do, however, invest in and sell positions at the same time as clients of the firm. We believe that this practice strongly aligns our investment results and interests with those of our clients, and is not inconsistent with our duty to place our clients' interests first.

Greatmark often aggregates individual client investment trades together in order to place a single, larger block trade. We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients and employees will receive the same average share price. Inclusion of employee accounts in the block trade may affect the average price of execution. The transaction commission that a client pays to the broker dealer is not affected by inclusion in a block trade, and would be the same if the transaction had been executed for the client separately. In the instances where there is a partial fill of a particular blocked order, we will allocate all purchases pro-rata or another equitable method, with each account paying the average price. Our employee accounts may be included in the pro-rata allocation on the same basis as allocation of shares to client accounts. Under certain circumstances, employee accounts may be excluded from a partially filled execution in order to maximize the allocation of shares to client accounts first. Please see our disclosure of '**Block trading**' in Item 12 page 15 for more information.

As the inclusion of employee or affiliated accounts represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. The interests of client accounts will at all times be placed first. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. All personal securities transactions of employees will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility.
3. Employees must not take inappropriate advantage of their positions.
4. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

5. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
6. No employee may profit from a short-term trading position (30 days or less) on a securities which are held in client accounts.
7. We have established procedures for the maintenance of all required books and records.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our chief compliance officer.
11. Any individual who violates any of the above restrictions may be subject to termination.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy at no charge by request through our office.

## **Item 12 Brokerage Practices**

Greatmark Investment Partners, Inc. does not maintain custody of client assets that we manage. Your assets must be maintained in a separate account at a "qualified custodian," generally a brokerage firm or bank. Greatmark does not require that a client use a particular custodian or representative, either for execution of trades or custody of assets. The client retains the right, either upon entering an agreement with our firm or any time thereafter, to direct us to custody assets and execute transactions for the account through a certain firm and/or broker, a practice known as "directed brokerage". The client will give us that instruction in our written contract.

Alternatively, a client may ask us to make the broker/custodian selection or to provide a recommendation. We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors in making a recommendation. Greatmark generally recommends that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The broker dealer/custodian (whether it is Schwab or another firm) will hold your assets in a brokerage account and buy and sell securities when we instruct them to. Although we may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Greatmark Investment Partners, Inc. is independently owned and operated and not affiliated with Schwab.

Schwab provides Greatmark with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them

so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. Beyond that, these services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Greatmark but may not directly benefit our clients' accounts. These products and services assist us in managing and administering our clients' accounts, including accounts not maintained at Schwab. They include investment research, both Schwab's own and that of third parties. Schwab also makes available software and other technology that:

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist 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 may include:

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

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services rendered 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. Schwab may also provide other benefits such as educational events or occasional business entertainment of our personnel. The availability of these services from Schwab benefits us because we do not have to produce or purchase them.

In evaluating whether to recommend that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interest of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only

us.

**Block trading.** Greatmark will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Greatmark will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Greatmark Investment Partners, Inc.'s block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Greatmark Investment Partners, Inc., or our firm's order allocation policy.
- 2) The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Greatmark to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a trade allocation report must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order. The client will also pay a transaction commission fee to the broker dealer, which will normally be the same amount on the client trade had it not been included in a block. Transaction costs may be based on the number of shares traded for each client, and is established under the client's agreement with the custodian/broker.
- 7) Funds and securities for aggregated orders are clearly identified on Greatmark Investment Partners, Inc.'s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 8) No client or account will be favored over another. Also, if the portfolio manager believes

that the client would be unreasonable disadvantaged by the inclusion of employee accounts, then the employee accounts will be removed from the allocation and will not participate.

**Directed Brokerage.** In the event that a client directs our firm to use a particular broker or dealer, we may not be able to negotiate commissions and may be unable to obtain best execution or block trades with other accounts managed by Greatmark. In addition, under these circumstances a disparity in commission charges may exist between clients who direct our firm to use a particular broker or dealer. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

## **Item 13    Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Greatmark manages client investment portfolios on an individual basis, and considers: (i) the client's investment objective and strategy, (ii) the size of the portfolio, and (iii) other factors. Richard Illges, Wade Fowler, and Jeff Adams comprise the Investment Team of the firm and review current and potential investment positions; however, one of these individuals will be designated as the primary Portfolio Manager for a client to serve that client's account(s). Portfolio holdings may be similar to, but not identical to, other client portfolios designed by the advisor. Holdings will differ from other portfolios of similar objective and strategy due to: (i) asset allocation and location, (ii) tax status, (iii) cash requirements, and (iv) other factors.

**REVIEWS:** Portfolio reviews are designed to monitor alignment with client objectives and strategy, asset allocation, and investment holdings. These reviews occur on a recurring basis at times of anticipated or actual portfolio activity. Individual securities are monitored on a continual basis by the investment team and manager in terms of investment potential and appropriateness for the specific portfolio objectives. External events such as economic or market related conditions can trigger an account review if any adjustments are warranted. Account reviews can also occur upon significant contributions and withdrawals. Reviews are conducted as well whenever changes occur to an account strategy assignment or if there is a significant change in the client's circumstances. The accounts are reviewed by one or a combination of members of the Investment Team.

**REPORTS:** In addition to the monthly or quarterly statements and confirmations of transactions that clients receive from their broker-dealer, Greatmark provides quarterly reports summarizing account values, asset class holdings, and performance.

Certain other reports are available to our clients upon request, either on an occasional basis or as a regular component of the quarterly package. Clients may also request particular written reports at any time that additional information is needed. All reports are provided at no cost to the client.

As discussed in the section Brokerage Practices, Greatmark does not serve as the custodian for any investment account, and so our clients will also receive regular reports from the account custodian, typically on a monthly schedule but at least quarterly. Custodial reports typically include a detail activity report reflecting any purchase or sale, contribution or withdrawal, and portfolio income. In addition, the custodian will deliver to the client a



confirmation notice soon after each investment transaction (unless the client has elected by arrangement with the custodian to receive such confirmation notices as a bundled package on a periodic basis). All such custodial reporting may be delivered to the client in electronic format.

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

Some advisory firms directly or indirectly compensate a third-party for client referrals. Greatmark's policy prohibits the use of solicitors or to pay related or non-related persons for referring potential clients to our firm. If a brokerage firm or one of its representatives recommends to one of its clients to engage the services of our firm, Greatmark will consider that client to have directed us to use that broker-dealer for custody and execution.

Some advisory firms receive compensation or some other economic benefit from someone who is not the client for providing investment advice to their clients. These arrangements can lead to potential conflicts of interest if it influences the advice given or investment products used. It is Greatmark's policy to not accept or allow our employees to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody**

All Greatmark clients' assets are held in an account at a qualified custodian, and Greatmark does not have physical access to any client funds or securities. Even so, Greatmark can still be deemed to have "custody" by SEC and regulatory interpretation if a client authorizes us to move money or transfer funds between accounts on behalf of the client. In these situations, Greatmark and the custodian have procedures in place to protect the client.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm will directly debit advisory fees from client accounts, *if the client elects this method of payment*.

As part of this fee payment process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period, including all payments from the account made to Greatmark.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review the invoice which Greatmark provides along with their brokerage statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on account statements received from the qualified custodian with those they receive directly from us.

Other than any standing authorization to transfer funds and direct fee deduction, our firm

does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary portfolio management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us this discretionary authority when they sign an investment management agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

Greatmark will vote proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of its clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and allow the client to vote his/her own proxy.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting us by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client at no cost.

Greatmark will be not be required to act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. However, we will advise a client, at the client's request, on those matters. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make reasonable efforts to forward such notices in a timely manner.

If a client wishes to instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover), we may be willing and able to do so.

These requests must be made in writing. A client can also instruct us on how to cast a vote in a particular proxy contest by contacting us by telephone, email, or in writing.

## **Item 18 Financial Information**

If an investment advisory firm requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, then the firm must provide a balance sheet to clients and prospective clients. As discussed in the earlier section **Fees and Compensation**, Greatmark always bills after the end of the period in which the fee is earned. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority over client funds and securities, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Greatmark has no such financial circumstances to report.

Greatmark Investment Partners, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.