

**SUMMIT FINANCIAL STRATEGIES, INC.**

7965 N. High St. #350, Columbus, OH 43235  
t: (614) 885-1115 f: (614) 885-1495  
[www.summitfin.com](http://www.summitfin.com)

# Form ADV Part 2A

## **FIRM BROCHURE . October 31, 2016**

This brochure provides information about the qualifications and business practices of Summit Financial Strategies, Inc. If you have any questions about the contents of this brochure, please contact us at (614) 885-1115 or [summitfinancial@summitfin.com](mailto:summitfinancial@summitfin.com).

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. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Summit Financial Strategies, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Material Changes

There have been no material changes to this Firm Brochure since the January 26, 2015, Annual Amendment filing.

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## Advisory Business

### Summit's History

Summit Financial Strategies, Inc. (Summit) is a corporation formed on July 20, 1994, in the State of Ohio. Summit became registered as an Investment Adviser Firm in November 1995.

### Types of Advisory Services Summit Offers

Summit is a Fee-Only firm, and Advisors sign a Fiduciary Oath to act in its clients' best interests at all times. As discussed in the Fees and Compensation section, Summit offers to its clients (individuals, business entities, trusts, estates, and charitable organizations) investment advisory services, and, *to the extent specifically requested by a client*, wealth management services, which include investment advisory, financial planning and eSummit services.

#### Investment advisory services

Before engaging Summit to provide investment advisory services, clients are generally required to enter into an Agreement with Summit setting forth the terms and conditions of the engagement (including termination) and describing the scope of the services to be provided and the portion of the fee that is due from the client before Summit commences services. The client can engage Summit to provide discretionary or non-discretionary investment advisory services on a Fee-Only basis. Summit's annual investment advisory fee is recalculated annually and based upon a percentage of the market value of the assets placed under Summit's management as follows:

Market value of portfolio	Percent of assets
Up to \$1,000,000	0.75
\$1,000,001 to \$2,000,000	0.65
\$2,000,001 to \$3,000,000	0.55
\$3,000,001 to \$4,000,000	0.45
\$4,000,001 +	0.35

#### Financial planning services (stand-alone)

Before engaging Summit to provide financial planning services, clients are generally required to enter into an Agreement with Summit setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided and the portion of the fee that is due from the client before Summit commences services. *To the extent requested by a client*, Summit *may* provide financial planning services (such as, estate planning, insurance planning, and tax planning) on a stand-alone separate fee basis. Summit's planning and consulting fees are based upon the client's net worth (recalculated annually) as follows:

Total net worth	Financial planning
Up to \$1,000,000	\$2,500
\$1,000,001 to \$1,500,000	\$3,000
\$1,500,001 to \$2,000,000	\$3,500
\$2,000,001 to \$2,500,000	\$4,000
\$2,500,001 to \$3,000,000	\$4,500
\$3,000,001 to \$3,500,000	\$5,000
\$3,500,001 to \$4,000,000	\$5,500
\$4,000,001 to \$4,500,000	\$6,000
\$4,500,001 to \$5,000,000	\$6,500
\$5,000,001 +	Negotiable

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**Financial planning restart premium.** If a client elects to terminate and then restart financial planning services, Summit reserves the right to charge a restart premium. The following fees are based upon the date from which the client last contracted for financial planning services: 50% if restart is less than or equal to 12 months; 75% if restart is 13 to less than or equal to 24 months; 100% if restart is greater than 24 months.

**eSummit services**

Before engaging Summit to provide eSummit services, clients are generally required to enter into an Agreement with Summit setting forth the terms and conditions of the engagement (including termination) and describing the scope of the services to be provided and the portion of the fee that is due from the client before Summit commences services. The client can engage Summit to provide discretionary eSummit services on a Fee-Only basis. Summit’s annual eSummit fee is recalculated annually and based upon a percentage of the market value of the assets placed under Summit’s management as follows:

Market value of portfolio	Percent of assets
Up to \$1,000,000	0.75
\$1,000,001 to \$2,000,000	0.65
\$2,000,001 to \$3,000,000	0.55
\$3,000,001 to \$4,000,000	0.45
\$4,000,001 +	0.35

**Implementation Services**

*To the extent requested by the client, Summit may provide implementation services regarding non-investment related matters, such as estate planning, tax planning, and insurance planning. Neither Summit nor any of its representatives serve as an attorney or licensed insurance agent, and no portion of Summit’s services should be construed as same.*

If requested by the client, Summit *may recommend* the services of other professionals for implementation purposes. The client is under no obligation to engage the services of

any such recommended professional (for example, attorneys, accountants, and insurance agents). The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Summit.

- If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.
- It remains the client’s responsibility to promptly notify Summit if there is ever any change in his/her/their financial situation or investment objectives for the purpose of reviewing/evaluating/revising Summit’s previous recommendations and/or services.
- Although Summit’s Principal, Ted K. Saneholtz, in his separate individual capacity, is licensed as Certified Public Accountant (CPA), he does not provide accounting services to any of Summit’s clients, and no corresponding CPA-client relationship is established.

**Service limitations**

**Non-discretionary service limitations.** Clients that engage Summit on a non-discretionary investment advisory basis *must be willing to accept* that Summit cannot effect any account transactions without obtaining prior verbal or written consent to any such transaction(s) from the client. Thus, in the event of a significant market increase or decrease during which the client is unavailable, Summit will be unable to effect any account transactions (as it would for its discretionary clients) *without first obtaining the client’s verbal or written consent.*

**Client obligations.** In performing its services, Summit is not required to verify any information received from the client or from the client’s other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/their responsibility to promptly notify Summit if there is ever any change in his/her/their financial situation or

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investment objectives for the purpose of reviewing/evaluating/revising Summit's previous recommendations and/or services.

## Imposed Investment Restrictions

Summit provides investment advisory services specific to the needs of each client. Before providing investment advisory services, an Advisor will ascertain each client's investment objective(s). Thereafter, Summit allocates and/or recommends that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Summit's services.

## Institutional Intelligent Portfolios™ (eSummit)

When consistent with a client's investment objectives, Summit may determine to provide portfolio management services through Institutional Intelligent Portfolios™, an automated, online investment management platform for use by independent investment advisors and sponsored by Schwab Wealth Investment Advisory, Inc. (the "Program" and "SWIA," respectively). Through the Program, Summit offers clients a range of investment strategies it has constructed and manages each consisting of a portfolio of exchange traded funds ("ETFs") and a cash allocation. The client may instruct Summit to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at SWIA's affiliate, Charles Schwab & Co., Inc. ("CS&Co"). Summit is independent of and not owned by, affiliated with, or sponsored or supervised by SWIA, CS&Co or their affiliates (together, "Schwab"). The Program is described in the Schwab Wealth Investment Advisory, Inc. Institutional Intelligent Portfolios™ Disclosure Brochure (the "Program Disclosure Brochure"), which is delivered to clients by SWIA during the online enrollment process.

Summit, and not Schwab, is the client's investment adviser and primary point of contact with respect to the Program. Summit is solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client,

choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. SWIA's role is limited to delivering the Program Disclosure Brochure to clients and administering the Program so that it operates as described in the Program Disclosure Brochure.

Summit has contracted with SWIA to provide it with the technology platform and related trading and account management services for the Program. This platform enables Summit to make the Program available to clients online and includes a system that automates certain key parts of Summit's investment process (the "System"). The System includes an online questionnaire that helps Summit determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Summit will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but Summit then makes the final decision and selects a portfolio based on all the information Summit has about the client. The System also includes an automated investment engine through which Summit manages the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects). Summit does not receive a portion of a wrap fee for its services to clients through the Program. Clients do not pay fees to SWIA in connection with the Program, but Summit does charge clients a fee for its services as described below under the "Fees and Compensation" section below. Summit's fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co as part of the Program. Schwab does receive other revenues in connection with the Program, as described in the Program Disclosure Brochure. Summit does not pay SWIA fees for its services in the Program so long as Summit maintains \$100 million in client assets in accounts at CS&Co that are not enrolled in the Program. If Summit does not meet this condition, then Summit must pay SWIA an annual fee of 0.10% of the value of Summit's clients' assets in the Program.

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Conflict of Interest: This fee arrangement presents a conflict of interest, as it provides an incentive for Summit to recommend that clients maintain their accounts at CS&Co. Notwithstanding, Summit may generally recommend to its clients that investment management accounts be maintained at CS&Co based on the considerations discussed in the "Brokerage Practices" section below, which mitigates this conflict of interest. Summit's Chief Compliance Officer, Timothy Swain, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

The Program Disclosure Brochure includes a discussion of various risks associated with the Program, including the risks of investing in ETFs, as well as risks related to the underlying securities in which ETFs invest. In addition, the Program Disclosure Brochure also discusses market/systemic risks, asset allocation/strategy/diversification risks, investment strategy risks, trading/liquidity risks, and large investment risks.

### Nonparticipation in Wrap Fee Programs

Summit does not participate in a wrap fee program.

### Amount of Assets Summit Manages

As of December 31, 2015, Summit had \$709,758,557 in assets under management on a discretionary basis and \$185,307,438 in assets under management on a non-discretionary basis, for a total of \$895,065,995 in assets under management.

## Fees and Compensation

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## Summit's Fees

A client can engage Summit to provide discretionary and/or non-discretionary investment advisory services, discretionary eSummit services, and, *to the extent specifically requested by a client*, wealth management services, which include investment advisory and financial planning services. Summit is a Fee-Only firm and does not accept any other sources of revenue, such as commissions.

### Investment advisory services

If a client engages Summit to provide discretionary and/or non-discretionary investment advisory services on a Fee-Only basis, Summit's annual investment advisory fee is based upon a percentage of the market value and type of assets placed under Summit's management (recalculated annually, except in special circumstances as agreed upon by both Summit and the client) as follows:

Market value of portfolio	Percent of assets
Up to \$1,000,000	0.75
\$1,000,001 to \$2,000,000	0.65
\$2,000,001 to \$3,000,000	0.55
\$3,000,001 to \$4,000,000	0.45
\$4,000,001 +	0.35

### Financial planning services (stand-alone)

*To the extent specifically requested by a client*, Summit may offer financial planning and/or consulting services (including non-investment related matters, such as estate planning, insurance planning, and tax planning) on a stand-alone fee basis. Summit's financial planning fees are based upon the client's net worth (recalculated annually) as follows:

Total net worth	Financial planning fee
Up to \$1,000,000	\$2,500
\$1,000,001 to \$1,500,000	\$3,000
\$1,500,001 to \$2,000,000	\$3,500
\$2,000,001 to \$2,500,000	\$4,000
\$2,500,001 to \$3,000,000	\$4,500
\$3,000,001 to \$3,500,000	\$5,000
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\$5,000,001 +	Negotiable

**Financial planning restart premium.** If a client elects to terminate and then restart financial planning services, Summit reserves the right to charge a restart premium. The following fees are based upon the date from which the client last contracted for financial planning services: 50% if restart is less than or equal to 12 months; 75% if restart is 13 to less than or equal to 24 months; 100% if restart is greater than 24 months.

### eSummit services

If a client engages Summit to provide discretionary eSummit services on a Fee-Only basis, Summit's annual eSummit fee is based upon a percentage of the market value and type of assets placed under Summit's management (recalculated annually, except in special circumstances as agreed upon by both Summit and the client) as follows:

Market value of portfolio	Percent of assets
Up to \$1,000,000	0.75
\$1,000,001 to \$2,000,000	0.65
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### Minimum annual fees

Summit generally requires an annual minimum fee of \$2,500 for investment advisory services; \$8,500 for wealth management services (which includes investment advisory and financial planning services); \$8,500 for financial planning services only; and \$500 for eSummit. Summit, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum fee requirement based upon certain criteria. These criteria include anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, or negotiations with client. A 0.25% charge may be applied to assets/accounts for which Summit provides *only* accounting services (that is, performance and cost basis reports).

### How and When Clients Pay Fees

Summit's annual investment advisory and financial planning fees are prorated and paid quarterly, in advance. Investment advisory fees are based upon the market value of the client's assets and financial planning fees are based upon the client's net worth. Both fees are calculated annually at the time of contract renewal, except in special circumstances as agreed upon by both Summit and the client.

Clients may elect to have Summit's fees deducted from their investment accounts. Both Summit's Agreement and the custodian's account applications may authorize the custodian to debit the account for the amount of Summit's fee and to directly remit the management fee to Summit in compliance with regulatory procedures.

If Summit bills clients directly, payment is due upon receipt of invoice. Summit reserves the right to automatically withdraw fees from client accounts if invoices remain unpaid 90 days after the invoice date. If funds are not available to withdraw, an interest charge may be imposed at a rate of 1.5% per month (18% per annum) retroactive to 30 days after the original invoice date.

### Other Fees and Expenses Paid to Custodians and for Products

As discussed below, unless the client directs otherwise or an individual client's circumstances require, Summit generally recommends that Charles Schwab & Co., Inc. (Schwab) and/or Fidelity Investments (Fidelity) serve as the broker-dealer/custodian for client investment management assets.

Broker-dealers such as Schwab and Fidelity charge brokerage commissions and/or transaction fees for making certain securities transactions (that is, transaction fees are charged for certain no-load mutual funds and commissions are charged for individual equity and fixed income securities transactions). In addition to Summit's investment management fee, brokerage commissions, and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (for example, management fees and other fund expenses).

When beneficial to the client, individual fixed-income and/or equity transactions may be made through broker-dealers with whom Summit and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC-registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by Schwab or Fidelity).

### Return of Unearned Fees upon Termination

The Agreement between Summit and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Agreement. Upon termination, Summit will refund the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing year.

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## No Compensation for Selling Products

Neither Summit nor its Advisors accept compensation from the sale of securities or other investment products.

## Performance-Based Fees and Side-by-Side Management

Neither Summit nor its Advisors accept performance-based fees.

## Types of Clients

Summit's clients generally include individuals, business entities, trusts, estates, and charitable organizations.

## Methods of Analysis, Investment Strategies and Risk of Loss

Summit primarily allocates (or recommends that the client allocate) client investment assets among various mutual funds, cash equivalents, individual equity and fixed income securities, and/or exchange traded funds (ETFs) on a discretionary or non-discretionary basis in accordance with the client's designated investment objectives.

### Methods of Security Analysis and Investment Strategies

Summit may use the following methods of security analysis:

- Fundamental—analysis performed on historical and present data, with the goal of making financial forecasts.
- Cyclical—analysis performed on historical relationships between price and market trends, to forecast the direction of prices.

Summit may use the following investment strategies when implementing investment advice given to clients (see expanded descriptions below):

- Long-term purchases—securities held at least a year
- Short-term purchases—securities sold within a year
- Trading—securities sold within 30 days
- Short sales—contracted sale of borrowed securities with an obligation to make the lender whole
- Margin transactions—use of borrowed assets to purchase financial instruments
- Options—contract for the purchase or sale of a security at a predetermined price during a specific period of time.

### Investment risk

Currently, Summit primarily allocates (or recommends that the client allocate) client investment assets among various mutual funds, cash equivalents, individual equity and fixed income securities, and/or exchange traded funds (ETFs) on a discretionary or non-discretionary basis in accordance with the client's designated investment objectives.

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Summit) will be profitable or equal any specific performance level(s).

### Risk of Loss

Summit's methods of analysis and investment strategies do not present any significant or unusual risks.

### Methods of analysis

Every method of analysis has its own inherent risks. To perform an accurate market analysis, Summit must have access to current/new

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market information. Summit has no control over the dissemination rate of market information. Therefore, unbeknownst to Summit, certain analyses may be compiled with outdated market information, severely limiting the value of Summit's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

### Types of investment strategies

#### Long- and short-term purchases.

Summit's primary investment strategy is long-term purchases. However, every investment strategy has its own inherent risks and limitations. For example, long-term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Short-term investment strategies require a shorter investment time period to potentially develop; however, as a result of more frequent trading, it may incur higher transactional costs when compared to a longer term investment strategy.

In addition to long- and short-term purchases, Summit may also implement and/or recommend short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk (see discussion below).

**Short selling.** Short selling is an investment strategy with a high level of inherent risk. Short selling involves selling assets that the investor does not own. The investor borrows the assets from a third party lender (that is, broker-dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity *only profit from a decline in the price* of the assets between the original date of sale and the date of repurchase. Conversely, the *short seller will incur a loss if the price of the assets rises*. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

**Margin.** Margin is an investment strategy with a high level of inherent risk. A margin

transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin.

- To the extent that a client authorizes the use of margin and margin is thereafter employed by Summit in the managing the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Summit may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential *conflict of interest* whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to Summit. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

**Options.** The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Summit is made with the intent of offsetting/hedging a potential market risk in a client's portfolio.

- Although the intent of the options-related transactions that may be implemented by Summit is to hedge against principal risk, certain of the options-related strategies (for example, straddles and short positions), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, a client may direct

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Summit, in writing, not to employ any or all such strategies for his/her/their accounts.

## Disciplinary Information

Summit has not been the subject of any disciplinary actions.

## Other Financial Industry Activities and Affiliations

Neither Summit nor its Advisors are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Summit nor its Advisors are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or representative of the foregoing.

Summit does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.

Summit does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

### Summit's Code of Ethics

Summit maintains an investment policy relative to personal securities transactions. This investment policy is part of Summit's overall Code of Ethics, which serves to establish a standard of business conduct for all of Summit's employees. It is based upon fundamental principles of openness, integrity, honesty, and trust. A copy of the Code of

Ethics is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Summit also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Summit or any person associated with Summit.

### Participation or Interest in Client Transactions

Neither Summit nor any employees of Summit recommend, buy, or sell for client accounts securities in which Summit or its employees have a material financial interest.

### Personal Trading

Summit and/or its employees *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Summit and/or its employees are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as scalping (that is, a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Summit did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading; front-running (that is, personal trades executed before those of Summit's clients); and other potentially abusive practices.

Summit has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of its employees. Summit's securities transaction policy requires that Summit employees must provide the Chief Compliance Officer or his/her designee with a report of their current securities holdings within 10 days after becoming an employee and quarterly thereafter. Additionally, each employee must provide the Chief Compliance Officer or his/her designee with a report of the employee's current securities holdings at least once each 12-month period thereafter on a date Summit selects.

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Summit and/or its employees *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Summit and/or its employees are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above, Summit has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of its employees.

commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Summit will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions.

The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Summit's investment management fee. Summit's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

## Brokerage Practices

### Summit's Recommendations of Brokerage Firms

If a client requests that Summit recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Summit to use a specific broker-dealer/custodian), Summit generally recommends that investment management accounts be maintained at Schwab and/or Fidelity. Before engaging Summit to provide investment management services, the client will be required to enter into a formal Agreement with Summit, setting forth the terms and conditions under which Summit will manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Summit considers in recommending Schwab and/or Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with Summit, financial strength, reputation, execution capabilities, pricing, research, and service.

Although the commissions and/or transaction fees paid by Summit's clients comply with Summit's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction when Summit determines, in good faith, that the

*Summit's Chief Compliance Officer, Timothy W. Swain, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.*

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### Research and additional benefits

Although not a material consideration when determining whether to recommend that a client use the services of a particular broker-dealer/custodian, Summit may receive from Schwab, Fidelity, (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Summit to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Summit may be investment-related research; pricing information and market data; software and other technology that provide access to client account data; compliance and/or practice management-related publications; discounted or gratis consulting services; discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events; marketing support; computer hardware and/or software; and/or other products used by Summit in furtherance of its investment advisory business operations.

Schwab Advisor Services is Schwab's business serving independent investment advisory firms. Schwab Advisor Services provides Summit 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 (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, it may charge us quarterly service fees of \$1,200. A more detailed description of Schwab's support services follows:

### Services that may not directly benefit you

Schwab also makes available to Summit other products and services that benefit Summit but may not directly benefit you or your account. These products and services assist Summit 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

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting.

### Services that generally only benefit us

Schwab also offers other services intended to help Summit 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
- 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 Summit. 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 Summit with other benefits such as occasional business entertainment of our personnel.

As indicated above, certain of the support services and/or products that may be received may assist Summit in managing and administering client accounts. Others do not directly provide such assistance, but they rather assist Summit in managing and further developing its business enterprise.

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Summit's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by Summit to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement.

*Summit's Chief Compliance Officer, Timothy W. Swain, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.*

### **Client referrals**

Summit does not receive referrals from broker-dealers.

### **Directed brokerage**

Summit does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Summit will not seek better execution services or prices from other broker-dealers. As a result, clients 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.

- If the client directs Summit to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Summit.

*Summit's Chief Compliance Officer,*

*Timothy W. Swain, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.*

### **Trade aggregation**

To the extent that Summit provides investment management services to its clients, the transactions for each client account are made independently.

## **Review of Accounts**

For those clients to whom Summit provides investment supervisory services, account reviews are conducted on an ongoing basis by Summit's Advisors. All investment advisory clients are advised that it remains their responsibility to advise Summit of any changes in their investment objectives and/or financial situation. All clients (in person or via email or telephone) are encouraged to review their financial situation (to the extent applicable), investment objectives, and account performance with Summit annually.

### **Special Procedures upon a Major Market Change**

Summit *may* conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, significant market increases or decreases, or client request.

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## Portfolio Reports Summit Provides to Clients

Clients are provided, at least quarterly, with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for their accounts. Summit may also provide a periodic report summarizing account activity and performance online via the client secure website.

## Client Referrals and Other Compensation

As referenced in the Brokerage Practices section, Summit may receive an economic benefit from Schwab and/or Fidelity. Summit, without cost (and/or at a discount), may receive support services and/or products from Schwab and/or Fidelity.

Summit's clients do not pay more for investment transactions effected and/or assets maintained at Schwab and/or Fidelity as a result of this arrangement. There is no corresponding commitment made by Summit to Schwab and/or Fidelity or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as result of this arrangement.

*Summit's Chief Compliance Officer, Timothy W. Swain, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.*

Summit does not compensate, directly or indirectly, any person other than its employees for client referrals.

## Custody

It is Summit's policy not to take physical custody of client accounts. In accordance with SEC regulations, Summit is considered to have custody of client securities in the following circumstances:

- Some clients have granted Summit online access to their accounts held outside of Schwab and Fidelity for the purpose of making transactions and obtaining account values on their behalf. Summit is deemed to have custody if the website permits transfers to a third party.
- Some clients have signed standing letters of authorization, which allow Summit to transfer assets to a third-party account outside of Schwab and Fidelity.

At a client's consent, Summit may have the ability to have its client fees debited by the custodian quarterly. At least quarterly, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for their accounts. Summit may also provide a periodic report summarizing account activity and performance online via the client secure website.

- To the extent that Summit provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Summit with the account statements received from the account custodian.
- The account custodian does not verify the accuracy of Summit's advisory fee calculation.

## Investment Discretion

The client can engage Summit to provide investment advisory services on a discretionary basis. Before Summit assumes discretionary authority over a client's account, the client is required to execute an Agreement, naming Summit as client's attorney and agent in fact, granting Summit full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's

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name found in the discretionary account.

Clients who engage Summit on a discretionary basis may, at anytime, impose restrictions, *in writing*, on Summit's discretionary authority (for example, limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, and/or limit or proscribe Summit's use of margin).

## Voting Client Securities

Summit does not vote client proxies. Clients maintain exclusive responsibility for (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client are voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other type events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Summit to discuss any questions they may have with a particular solicitation.

## Financial Information

Summit does not solicit fees of more than \$1,200, per client, six months or more in advance.

Summit is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

Summit has not been the subject of a bankruptcy petition.

*Summit's Chief Compliance Officer, Timothy W. Swain, remains available to address any questions that a client or prospective client may have regarding the disclosures and arrangements contained in this ADV.*

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