

# SUMMIT WEALTH

## — PARTNERS —

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This brochure provides information about the qualifications and business practices of Summit Wealth Partners, LLC. (“Summit”).

If you have any questions about the contents of this brochure, please contact us at (407) 656-2252. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Summit is available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). You can search this site by a unique identifying number known as a CRD number. Summit’s CRD number is 134620.

FIRM BROCHURE  
PART 2A OF ADV  
Updated: March 24, 2016

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## ITEM 2 MATERIAL CHANGES

The following material changes have been made since our last firm brochure dates March 12, 2015.

1. On or about December 15, 2015, summit changed its legal form of organization from a Florida corporation to a Florida limited liability company. This change is material for legal, tax and accounting purposes but has no affect on the services provided to Summit's clients.
2. On December 15, 2015, Summit acquitted certain assets of SMC Advisory Network, LLC. The purpose of this acquisition is to expand Summit's business.
3. On December 15, 2015, Mr. David P. Cervone, formerly associated with SMC Advisory Network LLC became Summit's Chief Compliance Officer ("CCO").

A copy of this firm brochure may be requested by contacting David P. Cervone, Summit's Chief Compliance Officer at (407) 656-2252 or by emailing him at [dcervone@mysummitwealth.com](mailto:dcervone@mysummitwealth.com)

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## ITEM 4: ADVISORY BUSINESS

### A. Description of the Firm

Summit Wealth Partners, LLC (“Summit”) is a national, SEC Registered Investment Adviser, headquartered in Orlando, FL. While many client relationships have been established for more than 20 years with predecessor firms that Summit's Investment Adviser Representatives (“IAR”) previously worked for, Summit has been in business since 2005. Dr. Mitchell Levin is Summit’s CEO and Managing Director, Mr. Chad Warrick is Summit’s Senior Wealth Advisor & Chief Investment Officer and Mr. Jason Print is Summit’s Senior Wealth Advisor and Portfolio Manager. Mr. David Cervone is Summit’s Chief Compliance Officer.

Summit is 100% owned by Fiduciary Professionals LLC, a financial services holding company that is controlled by Investors Advocate LLC. Messer Levin, Warrick and Print own 100% of the assets of Investors Advocate, LLC. Succession planning is one aspect of a well-managed firm. The reason for the ownership structure described in this paragraph is to implement Summit’s succession plan.

### B. Types of Advisory Services

Summit provides the following advisory services to Clients through (IARs) located in various cities throughout the U.S:

#### **Wealth Management**

Our wealth management process for individuals often and preferably involves developing financial plans that define financial and life goals, along with developing and implementing investment strategies. These together are designed to achieve the client’s desired results based on the client's particular circumstances.

Financial planning is primarily an analytical process designed to organize financial data, identify needs and opportunities and evaluate alternative courses of action. A financial plan may discuss current sources of income and net worth; income tax optimization planning; cash flow and budgeting strategies; specific investments and asset allocations; retirement income planning; employee benefit plan analysis; estate and charitable gift planning; education pre-funding; and risk management focusing on life, health, long-term care and disability insurance.

Clients who receive financial planning services may enter into a Planning Services Agreement (PSA). Each client individually decides which services they will receive. Planning services may be assessed separately from Investment Advisory fees.

#### **Investment Advice**

Investment Advice involves creating, monitoring and managing investment portfolios designed to achieve the desired results based on a client's particular circumstances and risk tolerances. Summit may be the sole manager of a client’s portfolio, or we may select one or more unaffiliated third-party investment manager, or sub-adviser (collectively “TPM”) to assist in the management of client portfolios and/or to provide certain administrative services. In such instances, an unaffiliated TPM may charge their own fees for the services they provide that are separate from, and in addition to, the Investment Advisory fees charged by

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Summit and described in Item 5. Prior to entering into a client relationship, Summit discloses all Summit's fees to clients and/or any fees charged by any TPM.

Clients who engage Summit for investment advisory services enter into a Financial Services Agreement ("FSA") that establishes the terms under which Summit will provide its services. Summit provides clients with a copy of this disclosure brochure, the IAR's supplemental brochure, and any applicable TPM disclosures and agreements, either before or at the same time the FSA is signed.

### Pension Consulting

Summit contracts with and provides pension-consulting services to employee benefit plans and their fiduciaries based on the needs of the plan. The services may include an existing plan review, asset allocation advice, money management services, investment recommendations, investment performance monitoring, and ongoing consulting. Summit may also provide education-based services for the plan participants and provide information on the plan specifics and allocation choices. Summit may also meet with individual plan participants and offer guidance based on that individual's risk tolerance and objectives.

Summit also contracts with and provides services to individual plan participants. The types of services provided pursuant to contracts with individual plan participants include the same as those listed above, depending on the individuals' needs.

The services provided in connection with employee benefit plans are subject to the Employee Retirement Income Security Act ("ERISA"). Depending on the nature of the services provided, Summit may or may not be considered a fiduciary under ERISA.

The specific pension consulting services and related fees negotiated with the plan (or the individual plan participant, on a case-by-case basis) are documented in a written agreement.

### C. Client Tailored Services and Client Imposed Restrictions

Clients may request restrictions, subject to limitations imposed by any agreement with an unaffiliated TPM, on investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Summit from properly servicing the client account, or if the restrictions would require Summit to deviate from its standard suite of services, Summit reserves the right to end the relationship.

### D. Wrap Fee Programs

Summit is the sponsor of, and, portfolio manager to, a wrap fee program that is described in a separate Wrap Fee Program Brochure.

### E. Assets Under Management

As of December 31, 2015 Summit managed approximately \$374,000,000 of client assets. Of this total amount, approximately \$338,000,000 was managed on a discretionary basis and \$40,000,000 on a non-

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discretionary basis.

## ITEM 5: FEES AND COMPENSATION

### A. Description of Fees

Summit's standard annual investment advisory fees vary between 0.75% and 2.00% depending upon the assets under management and the specific services provided. In limited circumstances and at our discretion, our advisory fees may be negotiated with the client or bundled. Negotiated fee arrangements vary based on the type of client, investment objectives, account size and individual circumstances. Some legacy accounts may have different fee provisions.

Summit may allow investment accounts of members of the same household to be aggregated for purposes of determining annual fees. For example, we may allow such aggregation when we separately manage investment accounts for the benefit of minor children of current clients.

Summit provides Financial Planning services on an engagement basis at rates that are determined by the scope of the engagement. Note that as a fee-only firm, neither Summit itself, nor any Summit employee receives commissions on securities transactions.

Our fees are stated in the FSA and/or PSA each client signs. These Agreements define our relationship with the client. It describes the services we will provide and the client's obligations to us. A new client may terminate an Agreement within five days of the date of acceptance without any cost to the client. After the five-day period, an Agreement may be canceled by either party, for any reason, with 30 days prior written notice to the other party. Upon termination of any account, any unpaid earned fees will be due and payable and may be billed to the client through the mail.

Certain planning fees are deposited into a segregated bank account. The funds on deposit then transfer into the regular operating account only upon successful fulfillment of Summit's obligation under the terms of that certain FPA.

### B. Payment of Fees

Rather than direct billing for our services, the client usually selects to have the custodian for the investment account deduct our fees from the investment account. The client provides written authorization permitting Summit to bill the custodian for Summit's fees if our fees are going to be directly debited from a client's custody account. In this case, the account is held by a qualified independent custodian, that agrees to send to the client an account statement each calendar quarter. Each quarterly account statement indicates all amounts disbursed from the account including fees paid directly to Summit. Clients are informed that it is their responsibility to verify the accuracy of the custodian statement and fee calculation. The investment account custodian does not determine whether the fee is properly calculated.

### C. Client Responsibility for Third-Party Fees

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Clients are responsible for the payment of all third party fees, to the extent such may exist, including, but not limited to: TPM fees, investment platform sponsor fees, sub-advisor/portfolio strategist fees, custodian fees, brokerage fees, ETF/ mutual fund fees, and transaction fees. Such fees are separate and distinct from the advisory fees charged by Summit.

#### D. Fee Refunds

Summit's annual investment advisory fees are billed based on the fair market value of the assets under management on the last day of the immediate prior month, either monthly or quarterly, and either in arrears or advance. Fees are assessed pro rata if our services commence on any date other than the first day of a calendar month. Upon termination of the Advisory Relationship, Summit promptly refunds a pro rata share of any prepaid fees to the client

#### E. Compensation for the Sale of Securities to Clients

Neither Summit nor any of its supervised persons accept any compensation for the sale of any securities.

### ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Summit does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of client assets.

### ITEM 7: TYPES OF CLIENTS

Summit provides investment advisory services to individuals, charitable organizations, private corporations, variations of LLCs and LLPs, trusts, foundations, pension and profit-sharing plans and other business entities.

We generally seek to serve a minimum of \$1,000,000 per household or family relationship to open and maintain wealth management accounts for individuals. We may waive this minimum requirement based on the facts and circumstances. For example, we might waive the minimum requirement for a person referred by an existing client or for a client who wants to evaluate our services. There are no account minimums for other types of clients or for Financial Planning Services.

### ITEM 8: METHODS OF ANALYSIS, STRATEGIES, AND RISK OF LOSS

#### A. Methods of Analysis and Investment Strategies

##### Methods of Analysis

The security analysis methods employed by Summit may include fundamental, technical, charting and cyclical analysis depending on the type of analysis being conducted. In conducting security analysis, Summit may utilize the following sources of information: financial newspapers and magazines and blogs



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or other public sources, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission, other comparable sovereign agencies and company press releases.

Summit may also use research and analytical tools purchased from Bloomberg, Morningstar, Blackrock, internally produced proprietary programs, web-based analytical tools and various industry publications. Portfolio model construction is based on academic research and regression analysis (back testing). Certain index and other data are obtained through Bloomberg, Morningstar, and other subscription data providers.

We may offer Investment advice on any investments held by a client at the start of the advisory relationship. Recommendations for new investments may include domestic and foreign debt and equity securities, United States municipal and government securities, pooled investment vehicles such as mutual funds and exchange traded funds, publicly traded real estate investment trusts (REITS), direct participation programs such as limited partnerships, exchange traded options and cash management products including, but not limited to, money market funds, and sweep accounts. We do not fee upon or receive commissions from “private offerings,” private equity investments, or hedge funds.

### Investment Strategies

Summit relies upon broad diversification, strategic allocations, and dynamic periodic rebalancing as a means of creating risk-adjusted portfolios. Summit typically looks for pure asset-class investment vehicles with which to build tax-efficient and low cost, low turnover, low overlap portfolios. In seeking to achieve this, Summit primarily uses pooled investment funds to structure certain portfolios. Summit typically prefers Exchange Traded Funds and Exchange Traded Notes (referred to collectively herein as “ETFs”), because of their transparency, liquidity, and tax efficiency, along with certain open-, and closed-end, passively managed mutual funds.

Client portfolios may also include individual securities (Stocks, Bonds and Options.) Summit may utilize different investment strategies, based upon the needs of the client, including long-term purchases, short-term purchases and option writing.

Summit, from time to time, may ladder Certificates of Deposit or US Government Securities for some clients as a means of protecting principal in order to make capital available for future purchases in dollar cost averaging strategies or the like.

Summit utilizes academically supported investment theories, principles, and modeling techniques. These include, but are not limited to Modern Portfolio Theory, Efficient Markets Hypothesis and the Fama-French Three Factor Model. These support the thesis that asset allocation is the primary driver of investment portfolio variability; that expected risk and return are correlated; and, that diversification is essential in managing risk.

We monitor macro-economic and interpretive data related to investors’ current appetite to take on or reduce investment risk. These factors are used to fine tune strategic asset allocation models and increase or decrease slightly our portfolios’ exposures to asset classes that may be affected by current and long-term trends in economic or market conditions.

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## True Market™ Models

Summit has created a series of proprietary investment portfolios, the True Market™ Models (“TMM”), to help more efficiently and effectively manage client investment assets. These model portfolios may be available directly from Summit, or through a Unified Managed Account (“UMA”), or other program available on one or more investment management platforms sponsored by unaffiliated TPMs. True Market™ Models are based upon the above investment philosophy, processes, and available securities. The True Market™ Models also may be available to Investment Adviser Representatives not affiliated with Summit through one or more of the investment management platform(s) referred to above.

The True Market™ Models currently exist as the “Core” and as the “Target” portfolios. The Core portfolios include minimum volatility ETFs, and consist of approximately 20 different securities in each model. They are designed for the larger accounts. The Target portfolios are long only, and are intended to be compliant with the Uniform Prudent Investor Act, and as a Qualified Default Investment Alternative for retirement and pension plans. The Target models consist of about 10 separate ETFs, and are designed for the smaller investment accounts. Both the Core and the Target models have their own Conservative, Moderate, Growth, and Aggressive portfolios.

### B. Material Risks Involved

All investments, including the True Market™ Models, may involve risk of loss, and all investments could lose money over short or even long periods of time. Additional Risks may include: timing of buying and selling, managerial, business, regulatory, monetary, fiscal, regional, tax, geo-political, and more. Since we often use pooled investment vehicles as a significant investment strategy, for more information and a more detailed discussion of risk, please refer to their risk disclosures contained in the prospectus or other offering documents. Trading, additionally, can affect investment performance, particularly through increased brokerage costs and taxes.

We do not represent, warrant, or imply that our investment advisory services or methods of analysis can or will predict future results, nor successfully identify market tops or bottoms, nor avoid losses.

### C. Risks of Specific Securities

Summit does not primarily recommend any particular type of security that involves any significant or unusual risk in addition to those risks disclosed in Item 8(B) above.

## ITEM 9: DISCIPLINARY HISTORY

Summit discloses all material facts regarding any legal or disciplinary events that would be material to your evaluation of the firm’s services or the integrity of a management person. Neither Summit, nor any of its officers, has any material disciplinary events to disclose under this item.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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### A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither Summit nor any of its IARs are registered as, or have pending applications to become, a broker/dealer or as representatives of a broker/dealer.

### B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither Summit nor any of its IARs are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

### C. Other Relationships Material to this Advisory Business

A potential conflict of interest may exist to the extent that any compensation for any services may put the provider at odds with the client. It is in the provider's interest to provide services in exchange for compensation. And it is in the recipient's interest to pay compensation for value received. Summit endeavors to avoid or minimize any conflicts of interest. Any questions regarding this potential conflict of interest should be directed to Summit's CCO.

Certain Investment Adviser Representatives associated with Summit, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend the purchase of certain insurance products. While Summit does not sell such insurance products to its investment advisory clients, Summit does permit these Investment Adviser Representatives, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients.

Summit Asset Protection Group LLC is an affiliated licensed insurance agency involved in the marketing of insurance products on a commission basis. Summit Asset Protection Group may recommend, market or sell insurance products to certain Summit clients. No client is under any obligation to obtain insurance products from Summit Asset Protection Group LLC or from any other insurance agency or insurer recommended by any Summit IAR in his or her sequential capacity as an agent. Indeed, most Summit clients obtain their insurance from non-affiliated agencies.

In addition to the above, Dr. Levin is involved in several family-owned, personal estate planning limited liability companies and family limited partnerships.

### D. Selection of Other Advisors

As described in Item 4(B), Summit has arrangements with one or more unaffiliated TPMs to provide their proprietary investment management platforms to Summit clients. These platforms are designed to offer a broad range of investment programs, products, and services, including access to portfolio managers (also referred to as model managers or portfolio strategists) that might otherwise be unavailable to non-institutional investors. In addition to offering these investment platforms to its clients, Summit may also participate in such programs as a model manager/ portfolio strategist as described in the True Market™ Models section of Item 8(A). Whenever Summit is selected to act as a model manager/portfolio strategist,

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the platform sponsor pays Summit a fee for the use of its proprietary portfolio model(s). This fee is in addition to any investment advisory fees charged by Summit as described in Item 5(A).

The additional compensation that Summit receives under the aforementioned arrangements creates a potential conflict of interest to the extent that it might create an incentive for Summit IARs to recommend Summit in lieu of other managers/strategists that may be available to the client. Summit addresses this potential conflict of interest by disclosing it to clients, monitoring IAR activities to ascertain that they are acting in the client's best interest, and documenting the rationale for selecting Summit as a model manager/portfolio strategist.

## ITEM 11: CODE OF ETHICS, INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### A. Code of Ethics

Summit has adopted a Code of Ethics for all employees. In brief, the Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items and personal securities trading procedures, among other things. All employees must annually acknowledge their understanding of the Code of Ethics. Clients, or prospective clients, may request a copy of Summit's Code of Ethics at any time.

### B. Recommendations Involving Material Financial Interests

Summit's Code of Ethics requires us to disclose or make available any significant relationship that Summit or any employee might have with the issuer (and its affiliates) of securities with respect to which we offer investment advice. Any employee who has such a material interest or significant relationship must disclose that interest or relationship in writing to our CCO.

### C. Investing in the Same Securities as Clients

Summit's employees may purchase, sell or hold for their personal accounts securities similar or identical to those recommended to clients.

### D. Trading At or Around the Same Time as Client Transactions

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of Summit's employees will not interfere with (i) making decisions in the best interests of our clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions.

## ITEM 12: BROKERAGE PRACTICES

### A. Factors in Selecting a Broker-Dealer

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Best execution is generally defined as the “execution of securities transactions for clients in such a manner that the client’s total cost or proceeds in each transaction is the most favorable under the circumstances.” The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer’s services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness. Summit will seek competitive rates but we may not obtain the lowest possible commission rates for client transactions. Based on the aforementioned factors, Summit generally recommends that clients utilize the brokerage and clearing services of TD Ameritrade, Inc., Charles Schwab & Co., Inc. or Fidelity.

1. Research and Other Soft-Dollar Benefits: The receipt of research and other soft-dollar benefits may create a conflict of interest in that such benefits might create an incentive for Summit to select/recommend a broker-dealer based on Summit’s interests rather than the clients’ interests. Summit addresses this conflict by considering overall value to clients as the primary consideration when selecting/recommending a broker-dealer, and by disclosing the following arrangements to clients:

### Specific Disclosure Concerning TD Ameritrade:

Summit participates in TD Ameritrade’s institutional customer program and Summit may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Summit’s participation in the program and the investment advice we give to our clients although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a specific trading desk; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Summit by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Summit’s related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Summit but may not benefit our client accounts.

These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business. The benefits received by Summit or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Summit endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Summit or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Summit’s choice of TD Ameritrade for custody and brokerage services.

### Specific Disclosure Concerning Fidelity:

Summit has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides Summit with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support,

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record keeping and related services that are intended to support intermediaries like Summit in conducting business and in serving the best interests of their clients but that may benefit Summit.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Summit to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity also makes available to Summit, at no additional charge to Summit, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Summit (within specified parameters). These research and brokerage services presently include services such as Client statements and confirmations; research related products and tools; consulting services; access to a specific trading desk; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and are used by Summit to manage accounts for which Summit has investment discretion.

Summit may also receive additional services which may include but not limited to business and marketing consultations, practice valuation and other practice management solutions. Without this arrangement, Summit might be compelled to purchase the same or similar services at its own expense.

As a result of receiving such services for no additional cost, Summit may have an incentive to continue to use or expand the use of Fidelity's services. Summit examined this potential conflict of interest when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of Summit's clients and satisfies its client obligations, including its duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Summit determines in good faith that the commission 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 a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Summit will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by Summit will generally be used to service all of Summit's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Summit and Fidelity are not affiliates, and no broker-dealer affiliated with Summit is involved in the relationship between Summit and Fidelity.

### Specific Disclosure Concerning Schwab:

Schwab provides Summit 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

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advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon Summit 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.

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 Summit other products and services that benefit Summit but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of our accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist Summit in managing and administering clients' accounts include software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple clients accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from our clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting:

2. Brokerage for Client Referrals: SMC currently receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.
3. Directed Brokerage: Summit generally has the authority to determine the broker dealer to be used and the commission rates paid.

## B. Aggregation of Orders

Summit will aggregate orders with respect to a security if such aggregation is consistent with achieving best execution for the various client accounts. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction, subject to Summit's discretion depending on factual or market conditions and the duty to achieve best execution for client accounts. Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are neither given preferential nor inferior treatment versus other client accounts. Summit does not receive additional compensation or remuneration of any kind because of the aggregation of client trades.

Allocations of orders among client accounts must be made in a fair and equitable manner. Generally, allocations among accounts with the same or similar investment objective are made pro rata based upon the size of the accounts. There is no allocation to an account or set of accounts based on account performance or the amount or structure of management fees. However, the following factors may justify an allocation that deviates from the general rule:

1. Specific allocations may be chosen based upon an account's existing positions in securities.
2. Specific allocations may be chosen because of the cash availability of one or more particular accounts.

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3. Specific allocations may be chosen based on a partial fill of the block trade.
  4. Specific allocations may be chosen for tax reasons.

## ITEM 13: REVIEW OF ACCOUNTS

### A. Frequency and Nature of Reviews

Summit clients select their IARs, and Summit assigns the IAR to each client investment account. Each account is managed to one or more investment strategies as described in item 4, above. Our Investment Adviser Representatives regularly review each strategy with support from our Investment Management Committee. Our Investment Management Committee usually meets at least quarterly, or more frequently, depending on market conditions to evaluate our investment strategies.

### B. Non-Periodic Reviews

We monitor client accounts on a continuous and best efforts basis and conduct formal reviews with our clients as specified in the client's Financial Services Agreement. Factors that might suggest an account review in addition to the annual review include, but are not limited to, the following: changes in investment strategy, large deposits or withdrawals from the account and changes in the client's financial situation.

### C. Regular Reports

Clients receive periodic investment account statements directly from their custodian and quarterly performance reports directly from Summit or from an unaffiliated TPM that has agreed to provide such reports. Clients are able to review their investment accounts at any time on their custodian's secure website.

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

### A. Economic Benefits Provided

Summit does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to SMC clients.

### B. Compensation to Third Parties for Client Referrals by Third Parties

Certain third parties act as solicitors for Summit's advisory services, via written arrangement. All compensation arrangements with respect to the foregoing are fully disclosed to each client to the extent required by applicable law. Summit will ensure each solicitor is properly registered, if required, in all appropriate jurisdictions.

## ITEM 15: CUSTODY



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Custody of client assets are always be maintained with the independent custodian, recommended by Summit and selected by the client. Summit does not have physical custody of any client assets. Summit is permitted to direct the custodian to deduct fees directly from client investment accounts maintained by the custodian. Clients are responsible for paying all fees or charges of the custodian.

Clients receive an account statement quarterly directly from the custodian showing all transactions occurring in the client's account during the period covered by the account statement and the funds, securities and other property in the client's account at the end of the period. Clients are urged to carefully review the account statement sent by the custodian.

## ITEM 16: INVESTMENT DISCRETION

Summit usually is given the discretion and authority to manage client investment accounts. This means Summit is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased or sold, the amount of securities to be purchased or sold, the broker/dealer to be used and the commission rates to be paid. Of course, our discretion must be exercised in a manner consistent with the stated investment objectives, limitations and restrictions for each investment account, and in accordance with the client's best interests. Clients authorize Summit to give the custodian instructions by completing a document called a Limited Power of Attorney for the custody account. Please refer back to Item 4(C) for a discussion of how investment strategies are determined and how clients may specify investment restrictions or limitations for their investment accounts.

## ITEM 17: VOTING CLIENT SECURITIES

Summit does not vote proxies on behalf of its clients. Summit directs the custodian to forward directly to the client copies of all proxies and shareholder communications relating to the client's investment assets. Each client tells the custodian how to vote proxies. The client also makes all elections relative to any corporate action notification such as mergers, tender offers, or bankruptcy proceedings. Summit realizes that voting requests range from routine matters to unique situations. If a client has a specific question about a voting matter the client should contact our Chief Compliance Officer for assistance.

### Class Action Settlements

Summit may or may not process client claims in class action lawsuits or similar settlements involving securities owned by the client depending on the specific facts and circumstances. Clients will receive the documentation for class action claims directly from their custodian. Each client should verify with their custodian (or other account administrator) whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly. If the claim is not being filed by the custodian the client should consult with us to determine what, if any, action should be taken.

## ITEM 18: FINANCIAL INFORMATION

Because Summit does not require or accept prepayment of more than \$1,200 in fees six months or more in advance we are not required to include a balance sheet with this disclosure brochure. Summit does

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not have any material adverse financial conditions to disclose and we have never been the subject of a bankruptcy petition.

### Privacy Notice

Summit has adopted policies and procedures designed to keep client information private and secure. We do not disclose any nonpublic personal information about our clients or former clients to any nonaffiliated third parties, except at the request of a client or as permitted or required by law. In the course of servicing a client's account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers. We restrict internal access to nonpublic personal information about the client to those persons who need access to that information to provide services to the client and to perform administrative functions. For the full text of our Privacy Policy, please contact our CCO.