



*Adding Balance to Wealth<sup>SM</sup>*

# EQUIUS PARTNERS, INC.

## **Firm Brochure**

(Part 2A of SEC Form ADV)

March 31, 2011

### **Contact Information**

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This brochure provides information about the qualifications and business practices of Equius Partners, Inc. If you have any questions about the contents of this brochure, please contact us at (415) 382-2500 or at [jeff@equiuspartners.com](mailto:jeff@equiuspartners.com).

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 does not imply a certain level of skill or training.

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

## Item 2: Summary of Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published "Amendments to Form ADV," adopting new rules which amend the disclosure document ("Brochure") that we provide to clients, as required by SEC Rules. Accordingly, this Brochure is materially different in structure and requires certain new information that our previous brochure did not require. Pursuant to the new SEC Rules, we will ensure that all of our current clients receive this Brochure, in its entirety, by May 30, 2011.

This Brochure:

1. Provides additional disclosures regarding material conflicts of interest which may exist, and how we manage those conflicts in order to keep your best interests paramount at all times. Specifically, we provide enhanced disclosures regarding our relationships with qualified custodians (for example, discount brokerage firms) and certain investment product providers that we recommend to you. Please refer to Items 5, 11, and 12 of this Brochure.
2. Provides a more extensive review of our investment policies and practices, the risks attendant to those strategies, and the risks of specific asset classes or investment products we may recommend to you. Please refer to Item 8 of this Brochure.
3. Provides in further detail our firm practices with regard to our nonacceptance of "custody" of client accounts. We have chosen to utilize independent, qualified custodians for the safety of your funds. These qualified custodian(s) provide separate monthly or quarterly statements, directly to you, detailing your account holdings. Please refer to Item 15 of this Brochure. We also encourage you to carefully review the account statements received from the qualified custodian and to compare those statements to the portfolio statements our firm provides.
4. Includes the new Form ADV Part 2B, which provides information on the Equius Partners employees who formulate investment advice and have direct contact you.

In the future, this Summary of Material Changes will discuss only the material changes since the last annual update of this Brochure, which was last updated on November 30, 2010.

Whenever you would like to receive a complete copy of our Form ADV, Part 2A and 2B, please contact us by telephone at (415) 382-2500 or by email at [jeff@equiuspartners.com](mailto:jeff@equiuspartners.com).

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## **Item 4: Advisory Services**

### **A. Who We Are**

Equius Partners offers investment advisory services to individuals, corporations, trusts, and pension and profit sharing plans. We were founded in 1983 as Dynamic Funds Management. In 2007, Dynamic Funds Management merged with TAM Asset Management (founded in 1992), and the firm was subsequently renamed Equius Partners. Our principal owners are Philip W. Jonckheer (50%) and Jeffrey C. Troutner (50%).

### **B. Our Advisory Services**

Equius Partners provides investment advice based on initial and ongoing consultations with you. These discussions may include, among other things: determination of your financial objectives and investment time horizon, your current and past financial and investment challenges, your cash flow needs now and in the future, taxes, insurance, your prior investment experience, education funding, retirement and estate planning, charitable giving, and defining and preserving your personal legacy.

If appropriate, we will analyze and evaluate your existing investments in view of your stated investment objectives. We will work with you to develop a plan to transition from your existing portfolio to an appropriate Equius Partners managed portfolio. Investment advice may be offered on any investments held by you at the start of the advisory relationship.

We generally recommend a broad mix of passively managed, low-cost indexed mutual funds and institutional-level asset class funds for investment portfolios. These funds are designed to significantly reduce or eliminate the risks of active management (for example, stock-picking and market-timing strategies) through very broad and efficient diversification. This kind of diversification is designed to eliminate all risks but the one that investors are generally rewarded for taking over time (in other words, "compensated risk"). We may utilize other low-cost investment vehicles, such as exchange-traded funds (ETFs) and individual fixed income securities, when appropriate.

For more on our investment philosophies and the risks of our strategies and/or specific investments recommended, please refer to Item 8.

### **C. We Tailor Portfolios to Your Needs**

After appropriate consultation with you, we determine the individual investments and asset allocation (mix of investments in the portfolio) that we believe are most likely to achieve your investment objectives over time. We consider what risk is acceptable to you in achieving your objectives, your return expectations, and your investment time horizon. We emphasize maximum liquidity of your investments (the ability to quickly convert investments to cash) and full transparency in all aspects of our investment approach.

### **D. Wrap Programs**

We do not invest in wrap fee programs or manage assets for any wrap fee accounts.

### **E. Assets Under Management (AUM)**

We currently manage \$560,410,000 in discretionary assets and \$17,676,000 in non-discretionary assets as of February 28, 2011.

## Item 5: Fees and Compensation

### A. How We Are Compensated

The fee for our advisory services is based on a percentage of your assets under our management using the schedule below. Assets under management are calculated as of the end of the previous calendar quarter using the market value provided by independent sources, primarily the selected custodian for the assets, and include all assets in designated accounts.

Assets Under Management	Annual Fee
On the first \$2,000,000	1.00%
On any balance over \$2,000,000	0.50%

The fee schedule above reflects the maximum fee applicable to new accounts and is negotiable depending upon account size, reporting responsibilities, and other considerations. Clients who hired Equius Partners prior to the adoption of the current fee schedule are charged an advisory fee based on the fee schedule reflected in their investment advisory agreements.

### B. Billing Frequency and Method

Investment advisory fees are billed quarterly. You are sent a detailed invoice of our investment advisory fee with your Equius Partners quarterly report. With your consent, fees may be deducted from one or more accounts designated by you.

### C. Other Fees and Charges You May Incur

All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Mutual fund expenses are generally described in each fund's prospectus. Our policy is to invest your assets in passively managed, no-load index and institutional-level asset class mutual funds with very low internal expense ratios. Exceptions will be made only under special circumstances (such as your desire to include in our managed portfolios holdings you obtained prior to hiring Equius Partners) and after consultation with you about the potential risk, return, and tax consequences of your request.

You will incur transaction fees when Equius Partners buys or sells mutual fund shares on your behalf. Transaction fees are charged by the custodian (brokerage firm holding your assets for safekeeping). Mutual fund transaction fees charged by our recommended custodian, Charles Schwab & Co., are \$25 for each purchase or sale transaction.

Your account custodian might charge account termination fees.

### D. Refund of Fees

Our investment advisory fees are billed in advance, meaning that we invoice you before the three-month billing period has begun. Should you decide to terminate your Equius Partners investment advisory services before the end of the billing period, your fee will be recalculated up to the date of termination and unearned fees will be refunded to you.

### E. Compensation for Sale of Securities or Other Products

Equius Partners does not accept compensation for the sale of securities or other investment products.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

This item is not applicable to Equius Partners.

## **Item 7: Types of Clients**

We provide investment advice to individuals, corporations, trusts, charitable entities, and pension and profit sharing plans.

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

### **A. Equius Partners Investment Strategies and Analyses**

#### *Asset Class Investing*

The Equius Partners investment strategy is best described as "asset class investing" and is based on the well-documented premise that global financial markets are highly efficient (prices adjust very quickly to new information) and that the primary factor affecting the variability of returns is the asset allocation decision.

Academic research indicates that the mix of assets in a portfolio (the "asset allocation") is the primary determinant of portfolio returns over time. Our selection of asset classes (groups of securities with similar risk and return characteristics) is influenced primarily by the research of professors Eugene Fama, Sr. (University of Chicago) and Kenneth French (Dartmouth College). We also follow research on securities and financial markets from many other academics around the world.

#### *Modern Portfolio Theory*

Equius Partners adheres to the principles of Modern Portfolio Theory (MPT). MPT is based on the observation that diversifying among different investments that are not highly correlated can result in a weighted average of the asset class returns, but less than a weighted average of their risk. In other words, mixing low correlating investments or asset classes in a portfolio can reduce the volatility of the portfolio without reducing the overall portfolio expected return.

Based on our research and the research of others, we will generally diversify your assets among cash equivalents (money market funds); high-quality, short-term bonds; large and small company stocks; and growth (higher-priced) and value (lower-priced) stocks in the U.S. and foreign developed markets. In certain circumstances, large, small, growth, and value stocks in select emerging markets and/or shares of real estate investment trusts (REITs) will be included in diversified portfolios.

#### *Your Asset Allocation*

Equius Partners recommends a mix of asset classes for your portfolio based on an assessment of your long-term financial objectives. Where appropriate, we will recommend an allocation to high-quality, short-term bonds (within a broadly diversified index or asset class mutual fund) to reduce overall portfolio risk, generate a more predictable cash flow (interest income), facilitate portfolio rebalancing, and provide a hedge against inflation.

If your objective is a higher annual expected return and you are willing to accept a higher degree of risk, we will recommend a portfolio with greater allocations to stocks in general and small company and value stocks specifically (using index or asset class mutual funds). Recommended stock allocations will generally be globally diversified among the U.S. and foreign developed markets. In certain circumstances, we may include emerging markets and REITs in limited percentages.

Our *recommended* asset allocation is not influenced by current market conditions. This asset allocation (which becomes your written "Investment Policy") is altered only when your long-term investment objectives have changed.

### *Rebalancing*

*Current* asset allocations for your portfolio will change as financial markets rise and fall. This creates the opportunity to selectively rebalance your portfolio in order to bring asset class percentages back to your policy targets. Asset classes that have risen beyond predetermined limits are sold by an amount that brings the allocation back in line with policy targets, and those that have fallen in value are purchased in the same way. This is a method of "selling high and buying low" that is notably contrarian and is not based on *predicting* the direction of markets or asset class returns.

Rebalancing typically has the effect of enhancing portfolio returns while maintaining the agreed-upon risk level for the portfolio. In order to limit rebalancing transactions and the costs associated with buying and selling mutual funds through the chosen custodian, Equius Partners has set ranges in which allocations may vary and at which rebalancing is triggered.

### *Specific Investments*

Equius Partners invests your assets in passively managed index funds and structured asset class funds representing selected asset classes. "Passively managed" refers to the fact that the managers of these kinds of funds do not engage in active stock picking, market timing, sector rotation, and other speculative strategies that have been shown, in a large body of academic research, to introduce risks to portfolios that are not compensated with higher returns over time.

Passively managed index and structured asset class funds generally have much lower portfolio turnover (the amount of buying and selling of securities), less taxable distributions to shareholders, much lower costs, and much greater diversification, all while outperforming the majority of actively managed funds over time.

When selecting specific mutual funds for your portfolios, Equius Partners examines each fund's management structure, financial condition, and operating procedures. We also analyze each mutual fund for adherence to its stated investment objectives (as noted in the fund's prospectus). The investment performance of each mutual fund is observed over past market cycles to determine its correlation to public indexes, such as the S&P 500 and Russell 2000 indexes, and proprietary indexes, such as those of Dimensional Fund Advisors (DFA) and the Center for Research in Securities Prices (CRSP). In addition, Equius Partners monitors the portfolio turnover, growth in total assets, management and administrative expenses, taxable distributions, and other relevant information.

Due to account size, inception date, cash flows, tax considerations, and certain other factors, the mutual funds selected for a particular asset class may not be the same for all client accounts, and the actual percentage mix of asset classes may differ from the targets and from other accounts with similar investment objectives.

## **B. Investment Strategy Risks**

Financial markets are inherently volatile and unpredictable, particularly in the short term. Investments in stocks, no matter how well diversified, will result in declines in the value of your portfolios. Sometimes these declines can be significant. Stock returns, over time, are driven by growth in corporate earnings and dividends, and this growth can be negatively affected by economic cycles; local, state, and national politics; demographics; corporate management; and many other factors.

Although the best and most current academic research shows a direct relationship between asset class risk and return (for example, small company stocks as a group outperform large company stocks because they are riskier), these relationships may not be evident over many months or even years.



Given the long-term nature of the expected equity return premium (the additional return expected for investing in the overall stock market relative to U.S. Treasury bills), and the long-term nature of the expected value and small company stock return premiums, our investment philosophy is best suited for investors who desire a buy-and-hold strategy (with periodic rebalancing) for a substantial portion of their funds.

Also, correlations among asset classes (how their returns move relative to each other over various time periods) are constantly changing. Lower correlations tend to improve portfolio diversification. There are times, however, when asset classes move in tandem, reducing the benefits of asset class diversification. This can occur at particularly difficult times in market and economic cycles—exaggerating portfolio losses.

The returns from asset class investing can vary significantly, up or down, from popular market indexes such as the S&P 500 or Dow Jones Industrial Average. This is due to the fact that the returns of these indexes are dominated by large stocks with higher prices relative to their earnings, book value, cash flow, or other measures, and your asset class portfolio is likely to include greater weighting toward smaller and lower-priced securities. Since the mainstream and financial media tend to emphasize the returns of these popular market indexes in their reporting, you may feel that your portfolio is under- or over-performing those of other investors at certain times and cause you to alter the expectations of your Equius Partners investment strategy. Ever-changing expectations can lead to market timing decisions (moving in or out of stocks in varying degrees and varying frequencies) that can be very detrimental to your long-term returns.

Equius Partners assists you in developing rational and reasonable risk and return expectations through our initial and ongoing counseling. This tends to reduce the risk of market-timing behavior and leads to a greater adherence to the agreed-upon Investment Policy for your managed assets. We are also available during normal business hours to discuss risk and return issues and how they may impact your investment portfolio.

### **C. Securities Risk**

Investments in financial securities involves the risk of loss that you should be prepared to bear. Securities in foreign developed and emerging markets funds entail additional risks for U.S. investors, as these investments may be affected by foreign taxes, differences in financial standards, political and economic instability, and currency fluctuations. Investments in mutual funds can result in unanticipated tax consequences with regard to dividend and capital gains distributions. In addition, certain mutual funds in your portfolio(s) held at Charles Schwab or other custodians may not be eligible for transfer to another custodian should you wish to effect such a transfer. This might result in a sale of shares, which could create a tax liability for you.

Equius Partners seeks to reduce these risks by investing your assets in broadly diversified and passively managed index funds and structured, institutional-level asset class funds. The stock portion of your portfolio may be invested—through these mutual funds—in as many as 5,500 individual companies across six to eight global asset classes. This tends to eliminate the risks of active management (concentrated stock picking), which has been shown by a large body of research to not be compensated by higher returns over time.

While we seek to eliminate non-compensated risks through very broad and efficient diversification, we cannot guarantee that your goals and objectives will be achieved.

## Item 9: Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events of their firm or certain management personnel which would be material to your evaluation of us or our integrity in management of your investment portfolio.

Equius Partners and our employees have not been involved in legal or disciplinary events which, in the judgment of our Chief Compliance Officer, are required to be disclosed under the guidelines for such disclosure promulgated by the U.S. Securities and Exchange Commission.

## Item 10: Other Financial Industry Activities and Affiliations

We are not involved in any other financial industry activities.

We have no arrangements with any other entity that are material to our advisory business or you.

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

### A. Our Code of Ethics

We have adopted a Code of Ethics to which all investment advisor representatives and employees are bound to adhere. The key component of our Code of Ethics states:

Equius Partners and its investment advisor representatives and employees shall always:

- Act with integrity, competence, dignity, and in an ethical manner when dealing with the public, clients, prospects, employers, and employees.
- Exercise its authority and responsibility for the benefit of its clients, to place the interests of its clients first and to refrain from having outside interests that conflict with the interests of its clients. Equius Partners must avoid any circumstances that might adversely affect or appear to affect its duty of complete loyalty to its clients.
- Refrain from disclosing any nonpublic personal information about a client to any nonaffiliated third party unless the client expressly gives permission to Equius Partners to do so. All client information will otherwise be treated as confidential.
- Maintain the physical security of nonpublic information, including information stored on computers.

The Code of Ethics is in place to guide the personal conduct of our various team members. The Code of Ethics describes our fiduciary duties and responsibilities to you and sets forth our practice of supervising the personal securities transactions of employees with prior or concurrent access to client trade information. A copy of the Equius Partners Code of Ethics is available upon request.

### B. Securities in Which We May Have a Financial Interest

Equius Partners does not recommend or buy or sell for your portfolio securities in which we have a material financial interest.

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

Our Code of Ethics provides that individuals associated with our firm may buy or sell securities for their personal accounts identical to or different than those recommended to you. However, it is the

policy of our firm that no employee shall prefer his or her own interest to yours nor make personal investment decisions based on your investment decisions.

To supervise compliance with our Code of Ethics, we require that anyone associated with our advisory practice and who possesses access to advisory recommendations ("access persons"), before or at the time they are entered into, provide annual securities holding reports and quarterly transaction reports to our Chief Compliance Officer or his designee. We also require access persons to receive advance approval from our Chief Compliance Officer or his designee prior to investing in any initial public offerings or private placements, and with regard to trading of certain individual securities.

#### **D. The Timing of Securities Purchases or Sales**

Currently, Equius Partners invests your assets in mutual funds, which are priced at the end of each business day that financial markets are open. Therefore, the timing of purchases and sales of mutual funds for clients and employees of Equius Partners does not introduce a potential conflict of interest.

In the event that Equius Partners buys or sells securities that are traded on exchanges and repriced constantly during market hours (for example, shares of exchange-traded funds, or ETFs), we will place trades for your accounts before entering trades for our own.

## **Item 12: Brokerage Practices**

### **A. Selection of Custodian**

You may be permitted to direct us to utilize your desired brokers. However, if such brokers are utilized, we may not have access to certain mutual funds and other investments that are available only to institutional investors or approved investment advisors. Also, commissions or transaction fees to buy or sell our recommended mutual funds may be higher than the fees negotiated by us.

We have negotiated fees with the custodians we recommend and have selected these custodians for their generally low fees. Also, please note that we prefer to recommend custodians that possess significant size and financial resources for purposes of enhanced safety of your funds. For these reasons, the lowest-cost custodian may not be recommended.

While as a fiduciary we endeavor to act in your best interests, our desire that you maintain much of your assets in accounts at Charles Schwab & Co., TD Ameritrade, and other custodians may be based in part on the benefit to our firm of the availability of some products and services at no cost to us, or at reduced cost. This may create a potential conflict of interest (please see *Equius Benefits Provided by Custodians* below).

We understand our duty for best execution and consider all factors in making recommendations to you. These custodial services may be useful in servicing all our clients, and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While we may not always obtain the lowest commission rate, we believe the rate is reasonable in relation to the value of the brokerage and research services provided.

#### *Client Referrals From Custodians*

We participate in the Schwab Advisor Network program of Charles Schwab & Co., which provides client referrals to Equius Partners based on select criteria. Please see "Schwab Advisor Network" in Item 14 for a further explanation of this program.

#### *Equius Benefits Provided by Custodians*

The custodians for the assets of Equius Partners' clients assist in the management of client accounts in the following ways:

- (a) We receive duplicate client confirmations;
- (b) We have access to a trading desk that serves clients of investment advisory firms exclusively;
- (c) We have access to the investment advisor portion of their web sites, which includes practice management articles, compliance updates, and other financial-planning related information and research materials;
- (d) We have access to other vendors (such as insurance or compliance providers, or providers of research or other materials) on a discounted fee basis through discounts arranged by the custodians;
- (e) We have access to an electronic communication network for client order entry and access to your' account information and which may otherwise assist us with our back-office functions, including record keeping and client reporting; and
- (f) We are sometimes invited to conferences at which advisors and employees of our firm may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning, business succession, regulatory compliance, and information technology.

Participation in the custodians' programs also provides access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors, such as the mutual funds of Dimensional Funds Advisors (DFA).

Benefits received through participation in a custodian's program may depend upon the amount of transactions directed to or the amount of assets placed in custody with Charles Schwab & Co., TD Ameritrade, and other custodians.

Generally, many of these services may be utilized to service all or a substantial number of our clients' accounts. Educational, research, or other services provided by our custodians Charles Schwab & Co., TD Ameritrade, and others, as well as mutual fund companies, may benefit all of our clients or may benefit only some clients.

## **B. Order Aggregation**

We have chosen to not aggregate (combine) the trades of our clients. This is due to the fact that all trade decisions are reviewed for near-term and long-term tax efficiency, which requires individual analysis of most trading decisions. This individual analysis of trades does not lend itself to computer software programs which could aggregate trades. As a result, our clients do not receive the benefits of reduced transaction fees that such aggregation of trades might provide to our clients generally.

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

### **A. Timing and Nature of Reviews**

Portfolio reviews will be undertaken (1) periodically, (2) upon request, (3) when assets are added or withdrawn from your accounts, or (4) upon a substantial asset class decline or appreciation.

Periodic portfolio reviews are undertaken to ascertain if the agreed upon percentages invested in any asset class have strayed beyond their target minimums or maximums, and for purposes of meeting your cash flow needs.

### **B. Rebalancing Reviews**

If one or more asset class target allocation percentages change by a predetermined amount (usually plus or minus 20%), we will consider rebalancing the portfolio back to target (policy) percentages. We may determine not to rebalance the asset class for various reasons, such as avoiding short-term capital gains, deferring the realization of long-term capital gains, and minimizing transaction costs.

Normally when we rebalance portfolios, we will purchase additional shares in those mutual funds you currently own, unless for such valid reason as we determine (avoiding wash sale rules, fund closing, etc.) a substitute fund is more appropriate.

We may also buy or sell shares for tax purposes, including realizing losses to offset realized gains and/or taxable income ("tax loss harvesting").

### **C. Regular Portfolio Reports**

We will send you written quarterly reports of your investment portfolio, including an inventory of the investments upon which advice is provided to you. Such reports may also include a performance review of your portfolio. In addition, in January or February of each calendar year you may be provided with a realized gains and loss report for any taxable accounts under our management to aid your CPA/accountant/tax preparer in income tax preparation.

You may also access your account information via a secure web sites of your custodian.

Monthly or quarterly statements from account custodians are sent directly to you. These statements reflect the assets in the custodian's custody, together with confirmations of each transaction executed in the account(s) if desired by you. For some custodians, you may elect to receive these statements by email rather than U.S. mail.

You are strongly encouraged to review the monthly or quarterly statements you receive from custodians. Despite the best efforts of any firm to safeguard clients' assets, fraud could still occur.

We also encourage clients to compare the account reports received from us with those received directly from Schwab or other custodians. Should you detect any unauthorized trading in an account, or unauthorized transfers of cash or securities, you are asked to contact Jason Zahorenko, our Chief Compliance Officer, at (415) 382-2500.

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

### **A. Economic Benefits to Equius Partners for Investment Advice**

Equius Partners does not receive economic benefits for providing investment advice to you from any other person or entity.

### **B. Referrals From Other Persons or Entities**

We have been fortunate to receive many client referrals over the years for which no compensation or benefit is paid. Referrals of this nature come from current clients, estate planning attorneys, accountants, employees, personal friends of employees, and other similar sources.

We may compensate others for client referrals based on fully disclosed and transparent agreements. All such agreements are in compliance with the Investment Advisers Act of 1940. In addition, all applicable federal and state laws will also be observed. All clients procured by referral sources will be given full written disclosures describing the terms and fee arrangements between the advisor and the referral source prior to or at the time of entering into the advisory agreement.

*Schwab Advisor Network*

Equius Partners receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through our participation in the Schwab Advisor Network<sup>®</sup> ("the Service"). The Service is designed to help investors find independent investment advisors. Schwab is a broker-dealer independent of and unaffiliated with Equius Partners. Schwab does not supervise Equius Partners and has no responsibility for the management of our clients' portfolios or for other services or activities we provide. Equius Partners pays Schwab fees to receive client referrals through the Service. Our participation in the Service may raise potential conflicts of interest, as described below.

Equius Partners pays Schwab "Participation Fees" for referred clients' accounts that are maintained in custody at Schwab and may be required to pay "Non-Schwab Custody Fees" on referred clients' accounts that are maintained at or transferred to another custodian. Participation Fees are based on a percentage of the value of the assets in the client's account. Participation Fees paid by Equius Partners (and not the client) are billed to us quarterly and may be increased, decreased, or waived by Schwab from time to time. Equius Partners does not charge clients referred through the Service fees or costs greater than the fees or costs Equius charges clients with similar portfolios who were not referred to us through the Service.

Equius Partners might be required to pay Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained at Schwab or if assets in the account are transferred from Schwab. The Non-Schwab Custody Fee is a onetime payment equal to a percentage of the assets placed with a custodian other than Schwab and, as to any account, is generally higher than the Participation Fee that Equius Partners would have paid for a given year. Thus, Equius Partners has a conflict of interest in recommending custodians to clients referred by Schwab, in that it has an incentive to recommend that those clients' assets be held in custody at Schwab.

Participation Fees and Non-Schwab Custody Fees are based on the amount of assets in referred client accounts and those referred clients' family members living in the same household. Thus, Equius Partners has incentives to encourage household members of clients referred through the Service to maintain custody of their accounts with Schwab.

For accounts of our clients held in custody at Schwab, Schwab generally does not charge the client separately for custody but receives compensation from the client in the form of commissions or other transaction-related compensation on securities trades Schwab executes for the client's account.

Our clients may also pay Schwab a fee for clearance and settlement of trades executed through broker-dealers other than Schwab, and those fees are in addition to the other broker-dealer's fees. Thus, Equius Partners may have an incentive to cause trades to be executed through Schwab rather than through another broker-dealer. Because trades for client accounts held in custody at Schwab may be executed through different broker-dealers than trades for our other clients, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for those other clients.

#### *Independent Service Representatives*

In addition to the direct marketing efforts by those individuals associated with Equius, the firm also uses the services of Independent Service Representatives ("ISRs") to solicit accounts and provide ongoing personal communications with clients. These individuals are not engaged in the management of any Equius client portfolios.

Equius Partners pays a portion of the investment advisory fee paid by referred clients to the ISR. The ISR provides his or her services under a written agreement in which the ISR agrees to perform obligations under the agreement in accordance with Equius Partners' instructions and the provisions of the Investment Advisers Act of 1940, as amended, and the rules thereunder.

Each client an ISR refers to Equius is made aware of the relationship between Equius and the ISR by means of a separate written "Solicitor's Disclosure Statement" at the time the client's account is opened. The name of the ISR and the basis of his or her compensation are detailed in both our standard Investment Advisory Agreement and in the Solicitor's Disclosure Statement. Clients whose accounts are solicited and serviced by an ISR are not responsible for any part of the compensation that the ISR receives and incur no additional fee for Equius' services.

#### *Referrals From Us*

We do not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred by us to them.

### **Item 15: Custody**

It is our policy to not accept custody of your securities. In other words, we are not granted access to your accounts in a way that would enable us to withdraw or transfer or otherwise move funds or cash from any of your accounts to our accounts or the account of any third party.

The only limited exception to this policy is that you may grant us authority to deduct our investment advisory fee directly from designated accounts.

### **Item 16: Investment Discretion**

We are normally granted discretionary authority by you to manage your accounts. This authority is outlined in our Investment Advisory Agreement and is executed through a limited power of attorney document provided by your custodian. Both of these documents must be reviewed and signed by you at the time of our investment advisory engagement. This discretionary authority allows us to manage your account according to the guidelines provided in your Investment Policy Statement without calling you in advance of appropriate transactions. In certain circumstances, and at our discretion, however, we may call you in advance of certain activities (such as those pertaining to any aspect of "tax management").

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

As a matter of firm policy and practice, we do not accept authority to vote proxies on your behalf. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios.

### **Item 18: Financial Information**

#### **A. Payment of Fees Six Months in Advance**

We do not require the prepayment of more than \$1,200 in fees per client, six or more months in advance.

#### **B. Discretionary Authority and Our Ability to Perform**

We accept limited forms of discretion over your accounts, as described in Item 16. Due to this acceptance, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. We currently possess no such financial condition.

#### **C. Bankruptcy**

We have never been the subject of a bankruptcy proceeding.

## Brochure Supplement ("Supervised Persons")

This supplement contains required information on any supervised persons at Equius Partners who:

- (a) Provide investment advice to you and have direct contact with you, and
- (b) Have discretionary authority over your account(s).

### *General Education and Business Standards*

We require that Equius Partners investment advisors have a bachelor's degree and have work experience that demonstrates their aptitude for investment management.

### *Professional Certifications*

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements are as follows:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by the CFA Institute.



*Philip W. Jonckheer, CFA, Managing Director*

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<b>Year of Birth</b>	1952
<b>Education</b>	Harvard College Bachelor of Arts, Cum Laude (General Studies) – 1974 Stanford University Master in Business Administration – 1980 Master in Administration and Policy Analysis – 1980
<b>Recent Business Experience</b>	Equius Partners, Inc. (and predecessor firm), 06/91 – Present
<b>Supervision</b>	Philip W. Jonckheer is supervised by Jeffrey C. Troutner through daily interactions during normal business hours, frequent Equius team strategy meetings, and regular portfolio reviews.
<b>Supervisor Contact Information</b>	Jeffrey C. Troutner, Managing Director, (415) 382-2500

*Jeffrey C. Troutner, Managing Director*

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<b>Year of Birth</b>	1956
<b>Education</b>	Indiana University Bachelor of Science (Business) – 1980
<b>Recent Business Experience</b>	Equius Partners, Inc. (and predecessor firm), 12/00 – Present TAM Asset Management, Inc., 10/92–3/07
<b>Supervision</b>	Jeffrey C. Troutner is supervised by Philip W. Jonckheer through daily interactions during normal business hours, frequent Equius team strategy meetings, and regular portfolio reviews.
<b>Supervisor Contact Information</b>	Philip W. Jonckheer, Managing Director, (415) 382-2500

*Eric D. Nelson, CFA, Principal*

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<b>Year of Birth</b>	1976
<b>Education</b>	Hobart College Bachelor of Arts (Economics) – 1998
<b>Recent Business Experience</b>	Equius Partners, Inc., 01/09 – Present Burns Advisory Group; Financial Advisor; 01/08 – 01/09 Charles Schwab & Co., Inc.; Financial Consultant; 07/02 – 12/07
<b>Supervision</b>	Eric D. Nelson is supervised by Philip W. Jonckheer through daily interactions during normal business hours, frequent Equius team strategy meetings, and regular portfolio reviews.
<b>Supervisor Contact Information</b>	Philip W. Jonckheer, Managing Director, (415) 382-2500

*Thomas J. Troutner, Director of Client Services*

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<b>Year of Birth</b>	1983
<b>Education</b>	Embry Riddle Aeronautical University Bachelor of Science (Aeronautical Science) – 2005
<b>Business Experience</b>	Equius Partners, Inc., 03/06 – Present
<b>Supervision</b>	Thomas J. Troutner is supervised by Philip W. Jonckheer through daily interactions during normal business hours, frequent Equius team strategy meetings, and regular portfolio reviews.
<b>Supervisor Contact Information</b>	Philip W. Jonckheer, Managing Director, (415) 382-2500

*Jason J. Zahorenko, Director of Operations, Chief Compliance Officer*

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<b>Year of Birth</b>	1976
<b>Education</b>	Arizona State University Bachelor of Science (Finance) – 1999
<b>Business Experience</b>	Equius Partners, Inc., 01/07 – Present Charles Schwab & Co., Mutual Fund Operations; 01/00 – 01/07
<b>Supervision</b>	Jason J. Zahorenko is supervised by Philip W. Jonckheer through daily interactions during normal business hours, frequent Equius team strategy meetings, and regular portfolio reviews.
<b>Supervisor Contact Information</b>	Philip W. Jonckheer, Managing Director, (415) 382-2500