

# Timber Point Capital Management LLC

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Firm Brochure  
(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Timber Point Capital Management LLC. If you have any questions about the contents of this brochure, please contact David Cleary at 914-579-2456 or email [dcleary@timberpointcapital.com](mailto:dcleary@timberpointcapital.com). The information in this brochure has not been approved or verified by the United States Securities Exchange Commission or by any state securities authority.

Additional information about Timber Point Capital Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Timber Point Capital Management LLC's CRD # is 307366.

Timber Point Capital Management LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 MATERIAL CHANGES**

There have been no material changes since our previous Form ADV 2A.

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## Item 4 ADVISORY BUSINESS

Timber Point Capital Management LLC (hereinafter "Timber Point") was organized in 2020 as a New York limited liability company. Timber Point is an investment adviser registered with the U.S. Securities & Exchange Commission. The principal owner of our firm is Beechmont Holding Corp. David Cleary is the principal owner of Beechmont Holding Corp.

### Assets Under Management

As of December 31, 2020, Timber Point had regulatory assets under management of approximately \$106 million, \$106 million of which was discretionary and \$0.0 million was non-discretionary. However, these figures do not capture assets that Timber Point manages via model portfolio arrangements, which are, by their nature, non-discretionary. These figures also do not capture assets with respect to which Timber Point provides asset class allocation recommendations but does not have the authority to implement trades. Timber Point characterizes these as "assets under advisement."

### Investment Advisory Services

Timber Point manages client assets, primarily on a fully discretionary basis, pursuant to an investment management agreement under which it advises each such client, according to Timber Point's best judgment, as to the investment and reinvestment of the cash and securities in the client's account(s). In exercising its judgment in managing client accounts, Timber Point takes into account the individual objectives, restrictions and guidelines of each client, as agreed with the client, and other factors deemed relevant by the client and disclosed to Timber Point, such as the nature and amount of other assets and income from other sources. In addition, Timber Point furnishes investment advisory services to registered open-end investment companies based on the investment objectives and restrictions as set forth in each fund's prospectus or offering document.

Additionally, Timber Point will assist clients in the review, evaluation and/or formulation of investment guidelines for the account and may collect information about each client's financial circumstances, objectives, risk tolerance and restrictions. Timber Point conducts initial and subsequent consultations to ascertain the investment objective and investment parameters, policies and guidelines, including any investment restrictions, of the client.

### Private Clients

Clients that engage Timber Point to manage all or a substantial portion of their assets are considered "Private Clients" herein. Following the initial consultation, Timber Point frequently recommends one of five Portfolio Solutions Composites - Growth, Aggressive, Moderate, Conservative and Income. Private Clients may have multiple accounts, which may also have varying investment objectives and therefore may be invested in one or more Portfolio Solutions Composites.

### Separately Managed Accounts

Clients may engage Timber Point to manage a portion of their assets in a single investment strategy. Timber Point frequently recommends the Global Tactical Allocation Composite. The strategy seeks superior risk-adjusted total returns by allocating capital across a wide variety of global asset classes and will actively adjust exposures based on Timber Point's fundamental views. The strategy is implemented utilizing a process that seeks to balance risks within the tactical allocation framework. The strategy primarily invests in Exchange Traded Funds, Closed-end Funds and Open-end Funds, but may also utilize individual stocks and bonds.

As a condition to accepting a Private Client or Separately Managed Accounts, Timber Point requires the client to deposit his or her funds and securities in a securities brokerage account with a broker/dealer. The broker/dealer will act as the qualified custodian of the client's assets and, as instructed by Timber Point, will execute the purchase and sale transactions in the client's account. Timber Point frequently recommends TD Ameritrade Institutional as qualified custodian for Private Clients as discussed in further detail below in Item 12.

### Model Portfolios

Timber Point also participates in programs, sometimes referred to as "model programs" or "UMA programs," where it provides a model securities portfolio to another asset management firm, which then executes trades for retail client accounts based upon the model. Timber Point also enters into non-discretionary investment advisory agreements with other types of clients, typically other registered investment advisors or institutional clients, to provide models that those clients may use to construct securities portfolios ("Model Recipient").

In these situations, Timber Point typically does not have discretion to manage accounts for the Model Recipient. Rather, Timber Point generally is responsible only for providing the updated model portfolio on a periodic basis and is compensated based on a percentage of total assets of the accounts of, sponsored or managed by the Model Recipients. In some cases, Timber Point will affect trades for the Model Recipient, consistent with the final investment decisions made by the Model Recipient. Typically, the Model Recipient (and not Timber Point) is responsible for effecting trades recommended under the model.

Please refer to Item 12 for additional information about Timber Point's model portfolio arrangements and for information regarding how Timber Point communicates model portfolio holdings to clients under different circumstances and Timber Point's trading processes.

### Sub-Advisory

Timber Point may also be engaged as a Sub-Adviser. In this case Timber Point will enter into sub-advisory agreements with other registered investment advisers (the primary adviser) to provide portfolio management services to the primary advisers' clients or funds. Under such an arrangement, the primary adviser is responsible for managing the client relationship and overall asset allocation, and Timber Point is responsible for the discretionary management of all or a portion of the client's assets. Generally, the primary adviser will make a recommendation to the client with regard to the suitability of Timber Point's investment strategies based on factors including, but not limited to, the client's financial needs/situation, long-term goals, and investment objectives.

Timber Point does not provide financial planning services.

Timber Point does not participate in any "Wrap Fee Programs."

## **Item 5 FEES AND COMPENSATION**

### Advisory Fees

Timber Point's advisory fee is generally payable monthly or quarterly based on the value of the account(s) in arrears. Generally, Timber Point's advisory fees are based on a percentage of assets under management. In certain situations, Timber Point may agree to a different fee structure. Fees may vary from the standard fee schedules depending on the nature of the services rendered and special requirements of the account or based on negotiations. Fees will generally differ for a variety of reasons, for sub-advisory accounts, large accounts, non-discretionary or restricted discretion accounts, and certain non-U.S. accounts or for certain special arrangements. Timber Point may offer blended fee schedules to existing clients with accounts across product lines.

With respect to certain strategies managed by Timber Point, Timber Point may make investments for a client's account in open-end funds managed by Timber Point. If the Portfolio Solutions Composite chosen by a client includes allocations to funds managed by Timber Point, it may receive a management fee from the relevant fund in addition to the advisory fee charged to the client for managing the assets in accordance with the strategy. The portion of an account invested in such a fund will be managed in accordance with the prospectus or offering document of the fund and will not be managed in accordance with client-imposed investment guidelines.

By allocating a portion of a client's account to such a fund, Timber Point's total fees for managing the account may be higher than if it did not do so or if it did not receive a fee from the relevant fund. In these cases, Timber Point may reduce its advisory fee charged to the client.

### Standard Fee Schedule

Advisory fees for Timber Point's advisory services are based on the market value of each account as follows:

| <b><u>Type of Advisory Service</u></b> | <b><u>Assets Under Management</u></b> | <b><u>Annual Management Fee</u></b> |
|--|---------------------------------------|-------------------------------------|
| Private Clients                        | First \$1 million                     | 1.25%                               |
|  | On the next \$4 million               | 1.00%                               |
|  | On the next \$10 million              | 0.75%                               |
|  | On the balance                        | 0.50%                               |
| Separately Managed Accounts            | First \$5 million                     | 1.25%                               |
|  | On the next \$10 million              | 1.00%                               |
|  | On the balance                        | 0.75%                               |
| Sub-Advisory                           | First \$100 million                   | 0.75%                               |
|  | On the balance                        | 0.50%                               |

The foregoing represents the fees that Timber Point generally charges. However, fees are negotiable, in limited circumstances, and at Timber Point's sole discretion.

The client has the right to terminate the advisory agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the month for which you are a client.

#### Deduction of Advisory Fees

With respect to certain clients, subject to regulatory requirements and client authorization, Timber Point may direct a client's qualified custodian to deduct fees from a client's account. Most clients are billed for investment advisory services, or fees are deducted, on a monthly or quarterly basis. Further, the custodian will deliver an account statement to clients at least quarterly. These account statements will show all disbursements from the account. Statements should be reviewed by clients for accuracy.

#### Fees – Sub-Advisory

Timber Point's compensation pursuant to sub-advisory arrangements may be lower than Timber Point's standard fee schedule for Private Client or Separately Managed Accounts that employ corresponding investment strategies. Compensation for sub-advisory arrangements is typically an asset-based fee charged on the assets managed by Timber Point.

#### Fees – Model Portfolios

Timber Point's compensation pursuant to model portfolio arrangements may also be lower than Timber Point's standard fee schedule for Private Client or Separately Managed Accounts that employ corresponding investment strategies. Compensation for model portfolio arrangements is typically an asset-based fee charged on the assets managed pursuant to the Timber Point model included in the particular program in which Timber Point participates.

#### Fees – Mutual Funds

Fees for the mutual funds registered under the 1940 Act managed by Timber Point are set forth in the summary prospectus and statutory prospectus for each such fund.

#### Additional Fees

As part of our investment advisory services, Timber Point frequently invests in mutual funds, closed-end funds and exchange traded funds. The fees paid to Timber Point are separate and distinct from the fees and expenses charged by these funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Clients may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom the account transactions are executed. Timber Point does not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost, clients should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Brochure.

We may trade client accounts on margin. Each client must sign a separate margin agreement before margin is extended to that client account. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of the securities purchased on margin. This creates a conflict of interest where we may have an incentive to encourage the use of margin to create a higher market value and

therefore receive a higher fee. To address this conflict, we will only utilize margin when, consistent with our fiduciary duty, it is suitable and consistent with the clients' tolerance for risk. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

### IRA Rollover Considerations

As part of our investment advisory services, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you advisory fees as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  1. Employer retirement plans generally have a more limited investment menu than IRAs.
  2. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  1. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  2. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.



1. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

## **Item 6 PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT**

Timber Point does not manage proprietary funds and does not engage in side-by-side management. Timber Point Capital does not provide any services for performance-based fees. Performance-based fees are those based upon a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7 TYPE OF CLIENTS**

Timber Point may provide investment advice to all types of clients, including, without limitation, individuals, banks or thrift institutions, trusts, estates, charitable organizations, corporations, educational institutions, charitable institutions, foundations, endowments, municipalities, and registered investment companies. These clients may also include clients who are Model Recipients through a non-discretionary arrangement.

## **Item 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### Investment Objective

The primary objective is to generate superior risk-adjusted total returns by allocating capital across a wide variety of global asset classes utilizing a process that seeks to balance risks within a tactical allocation framework.

### Investment Strategy

Timber Point employs a rules-based system of market and macroeconomic factors to invest in all global sectors, designed to meet broader allocation mandates and investor needs. True global orientation and broad investible universe including equities, debt, commodities, currencies and cash.

### Risk Management

Risk management begins with evaluating Economic and Investment Drivers such as real economic growth, inflation, real interest rates, taxes and regulation, US Dollar valuation, equity market valuation ratios, equity market volatility and fixed income risk premiums. The process then incorporates quantitative and qualitative factors and volatility of, and correlations of asset class returns, followed by an assessment of the probability of asset class outperformance which includes equity vs. fixed income, sectors, style, size and region.

### Investment Philosophy

Timber Point believes that no single asset class or strategy should dominate a portfolio's construction. Since asset classes and styles move in and out of favor, it is important to be forward thinking, unbiased and tactical in recognizing where opportunities lie. Historical relationships can provide signals to develop a tactical, viewpoint and investment framework, but must be paired with fundamental and forward-looking projections. A top-down global perspective, focusing on the directionality of key fundamental variables like macroeconomic trends, governmental policy and valuation help identify secular and cyclical changes across asset classes.

### Risks

Investment in securities involves risk of loss that clients should be prepared to bear. Timber Point does not guarantee the performance of the account, any investment or asset in the account, any specific level of performance, the success of any investment decision or strategy that Timber Point may use, or the success of Timber Point's overall management of the account. Clients should understand that investment decisions made for clients' accounts by Timber Point are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. Timber Point will manage only assets held in the client's account and in making investment decisions for the account, Timber Point will not consider any other securities, cash or other investments held away from our management.

Some of the securities used by the firm are listed below. In addition, a full description of risks stated in the securities descriptions is provided below the security descriptions.

Mutual Funds, Closed-end Funds and Exchange Traded Funds: Certain Timber Point investment strategies may invest in shares of ETFs, open-end funds and closed-end funds or other similar products ("Underlying Funds"). ETFs and closed-end funds may trade at prices that vary from their net asset value, sometimes significantly. Performance of an ETF pursuing a passive index-based strategy may diverge from the performance of the index. Investments in Underlying Funds are subject to the risks of such Underlying Fund's investments, and investors will bear not only the management fees and operating expenses charged by Timber Point or a fund managed by Timber Point, but also their proportional share of the management fees and operating expenses of the Underlying Funds. Clients can invest directly in Underlying Funds without incurring additional fees by investing through Timber Point.

Common Stocks: Common stocks of corporations that may or may not pay a dividend. Typically, common stocks carry voting rights. Domestic common stocks are categorized by the market capitalization of the company with less than \$5 billion being small cap, \$5-\$30 billion being mid-cap, and greater than \$30 billion being large cap. The primary risks of domestic common stocks are price risk and credit risk.

Preferred Stock: Stock of a corporation that provides a specific dividend that is paid before payment of dividends to common stockholders. Preferred stock takes precedence over common stock in the event of a liquidation, but it does not carry voting rights. The primary risk associated with preferred stock is credit risk with liquidity risk being a secondary consideration.

Real Estate Investment Trusts (REITs) generally, are companies that own – and typically operate – income-producing real estate or real estate-related assets. REITs provide a way for individual investors to earn a share of the income produced through commercial real estate ownership – without having to go out and buy commercial real estate. The income-producing real estate assets owned by a REIT may include office buildings, shopping malls, apartments, hotels, resorts, self-storage facilities, warehouses, and mortgages or loans. The primary risk of a REIT is price risk.

Options: Options are the right to buy or sell a specified security at a specific price at some point in the future. The primary risk of options is price risk.

Short Selling: A short sale is the sale of a stock that an investor does not own or a sale which is consummated by the delivery of a stock borrowed by, or for the account of, the investor. Short sales are normally settled by the delivery of a security borrowed by or on behalf of the investor. The investor later closes out the position by returning the borrowed security to the stock lender, typically by purchasing securities on the open market. Investors who sell stock short typically believe the price of the stock will fall and hope to buy the stock at the lower price and make a profit. Investors lose money if the stock rises. The total possible gain on a short sale is 100%, if the stock fell to zero. On the other hand, the total possible loss is, in theory, unlimited as the stock price can rise indefinitely. The primary risk of short selling is price risk.

All investment programs carry the risk of loss and there is no guarantee that any investment strategy will meet its objective. Our investment approach constantly keeps the risk of loss in mind. Depending on the types of securities you invest in, you may face the following investment risks:

- **Market Risk**: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk**: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Business Risk**: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Derivatives (options) Risk**: Options involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss, including the loss of principal.
- **Small/Mid Cap Risk**: Stocks of small or small, emerging companies may have less liquidity than those of larger, established companies and may be subject to greater price volatility and risk than the overall stock market
- **Diversification Risk**: Investments that are concentrated in one or few industries or sectors may involve more risk than more diversified investments, including the potential for greater volatility.

## **Item 9 DISCIPLINARY INFORMATION**

Neither Timber Point Capital Management LLC nor any of its management persons have any legal or disciplinary reportable events.

## **Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Timber Point is under common control and ownership with Goodwood Capital Management, LLC (CRD #163595) an affiliated investment adviser. Timber Point may draw upon the resources of its affiliates by utilizing the expertise of personnel that it shares with such affiliates. However, Timber Point does not receive resources

for investment management, research or trading services from these affiliates and they are not considered "Participating Affiliates" as described by the SEC.

## **Item 11 CODE OF ETHICS**

### Description of Our Code of Ethics

Timber Point strives to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. We place our clients' interest first. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. We expect all of our Associated Persons to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about clients and client account holdings by persons associated with our firm.

Our Code of Ethics is available upon request. You may obtain a copy of our Code of Ethics by contacting us at the telephone number listed on the cover page of this brochure.

### Personal Trading Practices

Timber Point and/or persons associated with our firm may buy or sell securities for clients at the same time we or persons associated with our firm buy or sell such securities for our own accounts. We may also combine our orders to purchase or sell securities with your orders to purchase or sell securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our firm's policy that we shall not have priority over your account in the purchase or sale of securities.

## **Item 12 BROKERAGE PRACTICES**

Timber Point participates in the TD Ameritrade Institutional program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade offers independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Our firm receives some economic benefits from TD Ameritrade through our participation in this program. (Please see the disclosures under the Client Referrals and Other Compensation section below).

### Best Execution

We believe that TD Ameritrade provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by TD Ameritrade including the value of any research provided, the firms' reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of

research services and additional brokerage products and services TD Ameritrade provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

#### Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

#### Directed Brokerage

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

Timber Point has authority to determine the broker-dealers to be used when effecting transactions on behalf of its mutual fund clients and in establishing the commission rate paid on each transaction. Timber Point's Management Committee oversees its brokerage practices.

#### Block Trading and Allocation Procedures

The objective of the block trading and allocation procedures of Timber Point is to allocate investment opportunities fairly among clients so that, over time, all clients are treated equitably. It is Timber Point's general policy to allocate purchase or sale opportunities on a pro rata basis to all appropriate clients. However, Timber Point recognizes that a pro rata allocation may not always be feasible or in the best interests of clients.

In allocating a transaction Timber Point may also consider specific circumstances related to an account or an investment. As such, account allocations become tailored as necessary to the needs, restrictions and circumstances of each client account. Employee fee-paying accounts managed by Timber Point will be allocated transactions in the same manner as other Client accounts.

Block trades are used whenever possible. A block trade is a group of orders for more than one client entered as one order. Block trades will be allocated to client accounts in a systematic non-preferential manner. If the block trade does not fill at one price, resulting in partial fills, allocations to client accounts will be made on an average pricing basis. Average pricing amounts to adding up all the buys or sells at their particular price levels, multiplied by the number of shares at each particular price level, and dividing by the total number of shares to determine an average price for the whole block trade. If average pricing is unavailable, the high-low method will be used. This method applies the higher fill prices to the higher account numbered clients for both buys and sells, and the lower fill prices to the lower account numbered clients for both purchases and sales. The accounts participating in a block trade will pay transaction costs on a pro rata basis.

#### Communication of Model Portfolio Holdings

As previously noted, Timber Point will provide non-discretionary investment advice by delivering model securities portfolios to Model Recipients. In most cases, Timber Point delivers the model to the Model Recipient who then handles trading. Timber Point's discretionary account clients and Model Recipients from time to time may trade the same securities at the same time. In these circumstances, Timber Point will use a methodology to deliver model holdings to Model Recipients and effect trading on behalf of its other clients that it believes to be fair and equitable. Normally, this methodology will place Model Recipients in a randomly generated trade rotation, although Timber Point may use another methodology that it believes to be fair and equitable. The

details of a particular trade rotation used by Timber Point when delivering model holdings to Model Recipients and effecting trading on behalf of its other clients may differ depending on the particular facts and circumstances. A typical rotation involves the generation of a random list of Model Recipients. Timber Point will then distribute model holdings to the first entry in the rotation and then to the next entry, typically until all entries in the rotation have received appropriate instructions. There will from time to time be circumstances that cause a particular Model Recipient to not be able to receive trade instructions in accordance with Timber Point's pre-established trade rotation, which will result in the Model Recipient moving to the end of the rotation. As a result, those Model Recipients will receive different, and perhaps less favorable, prices for their transactions than they would have had the Model Recipient received the model holdings in the original trade rotation. Additionally, Timber Point may utilize a rotation method other than those described above if Timber Point believes such rotation or method is appropriate under the circumstances and such alternative rotation is fair and equitable.

Because of the mechanics of the trade rotation process and other factors, trading for Timber Point's institutional and other discretionary accounts normally will begin when the trade rotation process begins and may be completed prior to the completion of all trades and may be effected at the same time as trades are being executed for Model Recipients. As a consequence, trading by or for a Model Recipient client may be subject to price movements, particularly with large orders or where the securities are thinly traded, that may result in Model Recipients clients receiving prices that are less favorable than the prices obtained by Timber Point for its discretionary client accounts. As such, Timber Point's institutional or other discretionary accounts over time may obtain better execution, including more favorable prices for their transactions, than Model Recipients purchasing or selling the same securities. Alternatively, the same factors may result in Model Recipients completing trading before or at the same time as Timber Point's trading on behalf of institutional or other discretionary accounts. This may particularly be the case because Timber Point considers the delivery of a model to a Model Recipient as a completed rotation in the original trade rotation. In these cases, the Model Recipients may obtain better executions. Because Timber Point does not control a Model Recipient's execution of transactions for such accounts, Timber Point cannot control the market impact of such transactions.

## **Item 13 REVIEW OF ACCOUNTS**

David Cleary will monitor client accounts on an ongoing basis and conduct an internal review of accounts on at least a quarterly basis to determine:

- Cash levels as a percent of the total portfolio
- Performance of the portfolio and individual securities
- Unexpected changes in the portfolio value
- If account is in compliance with the Investment Management Agreement
- Quality of custodian
- Market related events
- Changes in tax laws

In addition, clients will receive statements from the qualified custodian on at least a quarterly basis. Additionally, you may have access to your accounts on a daily basis via the custodian's website.

## Item 14 CLIENT REFERRALS AND OTHER COMPENSATION

As disclosed under Item 12 above, we participate in TD Ameritrade's Institutional Advisor Program and we may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our 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's 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 trading desk serving our clients; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client accounts); the ability to have our fees deducted directly from our clients' accounts; access to an electronic communications network for 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 our firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our associated persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment), expenses for our personnel to attend conferences or meetings relating to the program or to TD Ameritrade's advisor custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our client accounts. These products or services may assist our firm in managing and administering our client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help our firm manage and further develop our business enterprise.

The benefits received by our firm and our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade and are not considered "soft dollar" benefits. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or associated persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

### Research and Soft Dollar Benefits – Mutual Funds

Timber Point receives a wide range of research services from broker-dealers who also execute transactions for Timber Point mutual fund client portfolios and from other third-party research providers. These research services can include broker research reports, other written research reports, models, meetings with research analysts, and other research-related meetings. Brokers also assist Timber Point with the acquisition of research from third-parties, such as providers of market data services, with whom Timber Point does not effect transactions ("third-party research services"). Timber Point obtains third-party research services by entering into arrangements (also called "soft dollar" arrangements or "commission sharing arrangements") under which brokers who execute, or otherwise effect client transactions compensate the third-party research providers. Timber Point has implemented controls designed to ensure that the research services it acquires under the foregoing arrangements are compliant with Section 28(e) of the Exchange Act. Section 28(e) provides a safe harbor that protects investment advisers from liability for a breach of fiduciary duty solely due to the fact it decided to pay more than the lowest available commission rate to a broker. Among other things, Timber Point's controls are designed to confirm that Timber Point complies with its duty to seek best execution of client transactions under the circumstances. They also are intended to help Timber Point comply with Section 28(e)'s requirements that the research or brokerage services obtained with client commissions provide lawful and appropriate assistance in the decision-making process, and that the amount of the client commission is

reasonable in relation to the value of the products or services provided by the broker-dealer.

## **Item 15 CUSTODY**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. The reports we provide to you will also reflect the amount of advisory fee deducted from your account.

You should compare our reports with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

## **Item 16 INVESTMENT DISCRETION**

Timber Point usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought and sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, Timber Point observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Timber Point in writing.

## **Item 17 VOTING CLIENT SECURITIES**

### Private Client and Separately Managed Accounts

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder. In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

### Mutual Fund Clients

Timber Point will typically be granted proxy voting authority for its mutual fund clients. For these clients, Timber Point subscribes to advisory and other proxy voting services provided by Glass Lewis. These proxy advisory services provide independent analysis and recommendations regarding various companies' proxy proposals. While this research serves to help improve Timber Point's understanding of the issues surrounding a company's proxy proposals, Timber Point's investment professionals are ultimately responsible for providing the vote recommendation for a given non-routine proposal. Voting for each agenda of each meeting is instructed



specifically by Timber Point in accordance with the policy.

## **Item 18 FINANCIAL INFORMATION**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Timber Point's financial condition. Timber Point has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **EDUCATION AND BUSINESS STANDARDS**

Timber Point chooses its employees very carefully. Employees that serve as investment adviser representatives must have a college degree and must have business experience in the investment management industry.

## **Item 19 REQUIREMENTS FOR STATE REGISTERED ADVISERS**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 ADDITIONAL INFORMATION**

### Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure. We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys. We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law. You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit except as noted below.

For accounts custodied at TD Ameritrade, if a profit results from correcting the trade, you will not retain the profit as all net gains (positive error accounts balances resulting from trade corrections) will be moved to a TD Ameritrade error account and subsequently donated to charity.

### Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.