Firm Brochure

(Form ADV – Part 2A)

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This brochure provides information about the qualifications and business practices of STONEBROOK CAPITAL MANAGEMENT, INC. If you have any questions about the contents of this brochure, please contact us at: (708)763-9780, or by email at: mvincent@stonebrookcapital.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.

Being deemed a “registered investment advisor” does not imply a certain level of skill or training.

Additional information about STONEBROOK CAPITAL MANAGEMENT, INC. is available on the SEC’s website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), by searching the SEC website with the IARD number listed below:

Firm IARD #: 123181

March 18, 2019

# Item 2: Material Changes

## Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

## Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

## Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (708)763-9780 or by email at: mvincent@stonebrookcapital.com.

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# Item 4: Advisory Business

## Firm Description

STONEBROOK CAPITAL MANAGEMENT, INC. was founded in 2003.

STONEBROOK CAPITAL MANAGEMENT, INC. provides personalized confidential financial planning and investment management to individuals, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, investment management, education funding, retirement planning, and estate planning.

STONEBROOK CAPITAL MANAGEMENT, INC. is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder’s fees are accepted.

Typically, we manage the client’s portfolio(s) rather than suggesting other manger’s portfolios. STONEBROOK CAPITAL MANAGEMENT, INC. does not act as a custodian of client assets. The client always maintains asset control. STONEBROOK CAPITAL MANAGEMENT, INC. places trades for clients under a limited power of attorney.

Quarterly reviews are communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended. Portfolio reviews are communicated to clients on a quarterly basis in the form of a written report. Clients may schedule meetings with the advisor to review their portfolios in greater detail.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

## Principal Owners

Randall G. Vincent is a 50% stockholder. Mark E. Vincent is a 50% stockholder.

## Types of Advisory Services

STONEBROOK CAPITAL MANAGEMENT, INC. provides investment supervisory services, also known as asset management services and manages investment advisory accounts not involving investment supervisory services. On more than an occasional basis, STONEBROOK CAPITAL MANAGEMENT, INC. furnishes advice to clients on matters not involving securities, such as financial planning matters and trust services that often include estate planning.

As of March 14, 2019, STONEBROOK CAPITAL MANAGEMENT, INC. manages approximately $57,363,933.00 in assets for approximately 133 clients. Approximately $50,096,598.00 is managed on a discretionary basis, and $7,267,335.00 is managed on a non-discretionary basis established through extensive inquiry to the client’s specific situation.

## Wrap Fee Programs

STONEBROOK CAPITAL MANAGEMENT, INC. does not act as an adviser or sub-adviser in any wrap fee program. As a matter of policy and practice, STONEBROOK CAPITAL MANAGEMENT, INC. does not sponsor any wrap fee program. A wrap fee program is defined as any advisory program under which any client is charged a specified fee or fees not based directly upon transactions in a client’s account for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions.

## Tailored Relationships

The goals and objectives for each client are established through extensive inquiry to the client’s specific situation. Investment policy is created to reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

## Types of Agreements

The following agreements define the typical client relationships.

## Financial Planning Agreement

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed. STONEBROOK CAPITAL MANAGEMENT, INC. offers al a carte financial planning as needed/requested for retirement, estate, and education planning.

An al a carte financial plan may include, but is **not limited** to:

* a net worth statement;
* a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations;
* retirement planning, including a review of retirement accounts and plans, including recommendations, with one or more retirement scenarios;
* estate planning review and recommendations;
* and education planning with funding recommendations.

A net worth statement shows financial condition at present time and includes all debts and liabilities as well as all assets.

*Preparation of a net worth statement could take 1-2 hours.*

Review of investment accounts, including asset allocation and recommendations includes discovery of client’s risk tolerance and objectives to determine suitable investments. Custom recommendations on asset allocation and specific investments are made after risk tolerance and objectives are known.

*Review of investment accounts could take 5-8 hours.*

Retirement planning, including review of investment accounts, Monte Carlo simulations, and investment recommendations. Monte Carlo simulation runs multiple hypothetical scenarios to determine likelihood of achieving retirement goals.

*Retirement planning could take 10-20 hours.*

Estate planning review and recommendations includes review of assets, investment recommendations, tax planning, and gifting strategies.

*Estate planning could take 10-20 hours.*

Education planning is specific to meeting college or private school funding goals and includes a review of investments and cash flow analysis.

*Education planning could take 2-5 hours.*

Specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client. If a conflict of interest exists between the interests of the investment adviser and the interests of the client, the firm will disclose the fact in a written statement that states that:

A. a conflict exists between the interests of the investment adviser and the interests of the client,

B. the client always has the right to decide to act upon the investment adviser's recommendation, and

C. if the client elects to act on any of the recommendations, the client always has the right to decide to effect the transaction through the investment adviser.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary.

## Advisory Service Agreement

Most clients choose to have STONEBROOK CAPITAL MANAGEMENT, INC. manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client’s financial affairs are reviewed, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes investment management (including performance reporting) and may include the following: education planning; retirement planning; and estate planning as well as the implementation of recommendations within each area.

The minimum account size is $250,000.00 and the annual fee is negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client’s discretion. The client or the investment manager may terminate an Agreement by written notice to the other party.

## Retainer Agreement

STONEBROOK CAPITAL MANAGEMENT, INC. does not provide retainer services.

## Investment Management Agreement

An Investment Management Agreement may be executed when financial planning is not provided as part of the relationship. This is unusual and generally not applicable. Most clients utilize our financial planning and advisory services as described in the previous agreements.

## Tax Preparation Agreement

STONEBROOK CAPITAL MANAGEMENT, INC. does not provide tax preparation services.

## Hourly Planning Engagements

STONEBROOK CAPITAL MANAGEMENT, INC. provides hourly planning services for clients who need advice on a limited scope of work.

## Asset Management

Stocks and bonds are purchased or sold through a custodial account. The custodial firm charges a fee for stock and bond trades.

Assets are also invested in no-load or low-load mutual funds and exchange-traded funds. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Custodial firms may charge a transaction fee for the purchase of some funds.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, and mutual funds shares, U. S. government securities, options contracts (for hedging purposes only), and interests in publicly traded partnerships.

## Termination of Agreement

A client may terminate any of the aforementioned agreements at any time by notifying STONEBROOK CAPITAL MANAGEMENT, INC. in writing with 30 days notice.

STONEBROOK CAPITAL MANAGEMENT, INC. may terminate any of the aforementioned agreements at any time by notifying the client in writing.

# Item 5: Fees and Compensation

## Description

STONEBROOK CAPITAL MANAGEMENT, INC. bases its fees on a percentage of assets under management and/or hourly charges and fixed fees*.* The scope of work and fee for portfolio management services is provided to the client in writing prior to the start of the relationship. The annual Advisory Service Agreement fee is based on a percentage of the investable assets according to the following schedule:

1.50%on the first $500,000; and

1.00% on the assets above $500,000

The annual fee is negotiable. The minimum account size is $\_250,000.00\_of assets under management, which equates to an annual fee of $\_3,750.00. *For further details, see Item 7: Types of Clients -Account Minimums.*

Current client relationships may exist where the fees are higher or lower than the fee schedule above*.*

Financial plans are priced according to the degree of complexity associated with the client’s situation and are charged a fixed fee. Fees are negotiable. The fee for a financial plan is predicated upon the facts known at the start of the engagement and, billed at an hourly rate of $300, the *total* fee range is $500 to $5,000 and is negotiable. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments. In the event that the client’s situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. When a fee increase is necessary, the client must approve the change of scope in advance of the additional work being performed.

The hourly rate for limited scope engagements is $200/hour.

## Fee Billing

Investment management fees are billed quarterly, in advance, meaning that we invoice clients at the beginning of the three-month billing period. Payment in full is expected upon invoice presentation. The fee is based on a percentage of the value of the account on the last day of the previous quarter.

Clients may choose whether they want the quarterly management fees deducted from a designated account or to receive a bill (paper or electronic). Fees are usually deducted from a designated client account to facilitate billing. The client must consent, in advance, in writing to direct debiting of their investment account for quarterly management fees incurred. Clients whom choose to receive a bill, rather than have fees deducted directly from their account, may make quarterly payments with a check made payable to Stonebrook Capital Management, Inc.

Unless a client has received the firm’s disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees. This is pursuant to Section 130.846 of the Rules.

## Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. STONEBROOK CAPITAL MANAGEMENT, INC. believes that the selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

STONEBROOK CAPITAL MANAGEMENT, INC., in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

CCR Section 260.238(j) Disclosure: Please note, lower fees for comparable services may be available from other sources.

## Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to STONEBROOK CAPITAL MANAGEMENT, INC.

## Past Due Accounts and Termination of Agreement

Upon termination of an agreement (described previously), any unearned prepaid fees will be refunded on a pro rata basis, based on the date of termination. The amount of the refund will be based on the number of remaining days in the period that was prepaid.

## Supervised Persons

STONEBROOK CAPITAL MANAGEMENT, INC. and its supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

## Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

# Item 7: Types of Clients

## Description

STONEBROOK CAPITAL MANAGEMENT, INC. generally provides investment advice to individuals, trusts, estates, charitable organizations, corporations and business entities.

Client relationships vary in scope and length of service.

## Account Minimums

The minimum account size is $\_250,000.00\_of assets under management, which equates to an annual fee of $\_3,750.00.

STONEBROOK CAPITAL MANAGEMENT, INC. has the discretion to waive the account minimum. Accounts less than $250,000.00\_ may be set up when the client and the advisor anticipate the client will add additional funds within a reasonable time. The fees for these accounts will be negotiated on a case by case basis. Other exceptions will apply to employees of STONEBROOK CAPITAL MANAGEMENT, INC. and their relatives, or relatives of existing clients.

In certain circumstances, all fees and account minimums may be negotiated. Under no circumstances will any account be charged more than 2%.

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

## Methods of Analysis

Security analysis methods may include charting, fundamental analysis and technical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that may use include Charles Schwab & Company, Thompson Reuters, TD Ameritrade, Standard & Poors, and the World Wide Web.

## Investment Strategies

STONEBROOK CAPITAL MANAGEMENT, INC. believes that proper risk management, the limiting of investment losses, is essential to successful investing. We seek to manage risk in investment portfolios by having proper diversification and by using defensive tactics when market trends and valuations are unfavorable. These tactics include reducing overall stock exposure, raising cash & bond holdings, and limiting the loss potential on individual holdings by clearly identifying exit strategies.

We believe that investment portfolios should be constructed by properly diversifying across asset classes. Gold, stocks, bonds, international investments, commodities, and real estate can help to reduce risk and enhance return. We seek to incorporate non-correlated assets in portfolios, which can potentially lower the volatility in a portfolio while raising its return.

Using both fundamental and technical research we allocate portfolios into the major asset classes: stocks, bonds, cash, and real assets (i.e. gold, real estate, timber, etc.) in the form of ETFs and mutual funds.

We look at which industries and sectors to emphasize or avoid. Here we consider major trends or themes. After the sector selections are made we look for individual securities that are in line with both our overall strategy and the client’s goals & risk tolerances. We use a combination of technical and fundamental research throughout this process.

STONEBROOK CAPITAL MANAGEMENT, INC. constructs custom investment portfolios based on the goals and risk tolerances of our clients. The investment strategy for a specific client is based upon the objectives stated by the client during consultations and on Asset Allocation Questionnaires. The client may change these objectives at any time.

Other strategies may include long-term purchases, short-term purchases (Note: We buy for long term, but trends can change making short term trades necessary), trading, and option writing (including covered options, uncovered options or spreading strategies for hedging only).

## Risk of Loss

All investment programs have certain risks that are borne by the investor. STONEBROOK CAPITAL MANAGEMENT, INC. helps investors minimize risk and lower volatility while seeking to maximize returns. When market trends and valuations are both favorable, we seek capital accumulation. When market trends and valuations are unfavorable, we seek wealth preservation. Our investment approach constantly keeps the risk of loss in mind, but clients may face the following investment risks:

* Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
* 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.
* Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment’s originating country. This is also referred to as Exchange Rate Risk.
* Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
* 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.
* Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
* Financial Risk: Excessive borrowing to finance a business’ operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Material Risks for Investment Strategies

1.      There can be no assurance that our attempts to manage risk will be successful.  In a broad market decline even a widely diversified portfolio can decline significantly.  Defensive tactics can fail.  For example markets that are expensive can become more expensive, causing a defensive cash holding to result in a lower overall portfolio return.  Bond prices are not always inversely correlated with stocks.  This means they may not be an effective hedge against a decline in the stock market.  Exiting a stock after a small decline can result in higher trading costs and can result in lost opportunity it the stock subsequently appreciates.

2.      While including various asset classes in portfolios can reduce overall risk, if previously uncorrelated asset classes become correlated diversification may fail to protect against loss.

3.      Fundamental research involves analyzing companies’ financial performance, competitive trends, and business prospects.  It relies on the accuracy of information provided by companies and correctly interpreting this information.  There can be no assurance that the information provided by companies is complete and accurate and that our interpretation of the information provided will be correct. Failure to obtain complete and accurate information and to correctly interpret it may result in lower returns or losses.

4.      Technical analysis involves using charts with price and volume data to interpret trends.  In certain trendless markets this may be ineffective resulting in lower returns or losses.  While technical analysis can sometimes identify a change in trend there can be no assurance of future success.

5.      We may be unable to correctly identify industry and sector trends in the future which could result in lower returns or losses.

6.      Even if portfolios are constructed that are compatible with client risk tolerances they may still decline in value or result in losses.

7.       Long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies involve risk and may result in lower returns or loss of capital.

# Item 9: Disciplinary Information

## Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

# Item 10: Other Financial Industry Activities and Affiliations

## Financial Industry Activities

STONEBROOK CAPITAL MANAGEMENT, INC. is registered as an independent investment advisor offering comprehensive investment solutions to individuals, retirement plans, institutions, family offices, and foundations.

## Affiliations

STONEBROOK CAPITAL MANAGEMENT, INC. does not have arrangements that arematerial to its advisory or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

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

## Code of Ethics

The employees of STONEBROOK CAPITAL MANAGEMENT, INC. have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. This code establishes rules of conduct for all employees of the firm and is designed, among other things, to govern securities trading activities in the accounts of employees. The Code is based upon the principle that the firm and its employees owe a fiduciary duty to the firm’s clients to conduct their affairs, including their personal securities transactions, in such a manner to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by Stonebrook Capital Management, Inc. continue to be applied. The purpose of the Code is to preclude any activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee.

## Participation or Interest in Client Transactions

STONEBROOK CAPITAL MANAGEMENT, INC. and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Therefore, such employees are prevented from benefitting from transactions placed on behalf of advisory accounts. Employees comply with the provisions of the STONEBROOK CAPITAL MANAGEMENT, INC. *Compliance Manual*.

STONEBROOK CAPITAL MANAGEMENT, INC. (SCM) or individuals associated with SCM may buy or sell securities identical to those recommended to customers for personal accounts. Additionally, any related person(s) may have an interest or position in a certain security which may be recommended to a client. As these situations present a conflict of interest, SCM has established the following restrictions in order to ensure its fiduciary responsibilities:

1. No member or employee of SCM shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of SCM shall prefer his or her own interest to that of the advisory client.
2. SCM maintains lists of all securities for itself and anyone else associated with the advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual at SCM.
3. SCM requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to termination.

## Personal Trading

The Chief Compliance Officer of STONEBROOK CAPITAL MANAGEMENT, INC. is Mark Vincent. He reviews all employee trades each quarter. His trades are reviewed by Randall Vincent. The personal trading reviews ensure that the personal trading of employees does not disadvantage clients.

# Item 12: Brokerage Practices

## Selecting Brokerage Firms

STONEBROOK CAPITAL MANAGEMENT, INC. does not have any affiliation with product sales firms. Specific custodian recommendations are made based on a client’s need for such services. STONEBROOK CAPITAL MANAGEMENT, INC. recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

STONEBROOK CAPITAL MANAGEMENT, INC. recommends brokerage firms and trust companies (qualified custodians), such as TD Ameritrade and Charles Schwab & Company.

STONEBROOK CAPITAL MANAGEMENT, INC. doesnot receive fees or commissions from any of these arrangements.

## Best Execution

STONEBROOK CAPITAL MANAGEMENT, INC. reviews the execution of trades at each custodian daily. Trading fees charged by the custodians are also reviewed on a daily basis. STONEBROOK CAPITAL MANAGEMENT, INC. does not receive any portion of the trading fees.

## Soft Dollars

STONEBROOK CAPITAL MANAGEMENT, INC. receives benefits from Charles Schwab & Company and TD Ameritrade.

## Order Aggregation

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

# Item 13: Review of Accounts

## Periodic Reviews

Account reviews are performed quarterly by advisors Randall G. Vincent, Principal, and Mark E. Vincent, Principal. Account reviews are performed more frequently when market conditions dictate.

## Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

## Regular Reports

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an annual basis, which include statements directly from the custodians (TD Ameritrade or Charles Schwab & Co.). *Investment Management* clients also receive written quarterly reports from the advisory firm. Quarterly reports may include a portfolio statement, asset allocation, performance history, and a summary of objectives and progress towards meeting those objectives.

# Item 14: Client Referrals and Other Compensation

## Incoming Referrals

STONEBROOK CAPITAL MANAGEMENT, INC. has been fortunate to receive many referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees, and other similar sources.

## Referrals Out

STONEBROOK CAPITAL MANAGEMENT, INC. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## Other Compensation

STONEBROOK CAPITAL MANAGEMENT, INC. follows SEC rule 206(4)-3 *Cash Solicitation Rule* and similar state rules regarding solicitation arrangements and/or state rules requiring registration of Investment Adviser Representatives (IAR) when applicable. Persons considered “solicitors” may be directly compensated by STONEBROOK CAPITAL MANAGEMENT, INC. for client referrals. The arrangement for solicitor compensation includes: periodic payments of a portion of referred clients’ quarterly fees collected by Stonebrook Capital Management, Inc. to the referring solicitor.

# Item 15: Custody

## Account Statements

All assets are held at qualified custodians, which mean the custodians provide periodic account statements directly to clients at their address of record at least quarterly. Account statements reflect all credits and debits, including the amount of our management fee if applicable. STONEBROOK CAPITAL MANAGEMENT, INC. recommends to clients that they should carefully review all account statements they receive from the custodian.

## Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report provided by STONEBROOK CAPITAL MANAGEMENT, INC.

## Advisory Fees

A. STONEBROOK CAPITAL MANAGEMENT, INC. has custody of the funds and securities solely as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee.   
B. The investment adviser has written authorization from the client to deduct advisory fees from the account held with the qualified custodian.   
C. Each time a fee is directly deducted from a client account, the investment adviser concurrently:

i. Sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client’s account; and

ii. Sends the client an invoice or statement itemizing the fee. Itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.

D. The investment adviser notifies the Commissioner in writing that the investment adviser intends to use the safeguards provided in this paragraph (b)(3). Such notification is required to be given on Form ADV.

## Net worth Statements

*See net worth statements under Financial Planning agreement on p. 2 and Regular Reports under Review of Accounts on page 9.*

# Item 16: Investment Discretion

## Discretionary Authority for Trading

STONEBROOK CAPITAL MANAGEMENT, INC. accepts discretionary authority to manage securities accounts on behalf of clients. STONEBROOK CAPITAL MANAGEMENT, INC. has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, STONEBROOK CAPITAL MANAGEMENT, INC. consults with the client prior to each trade to obtain concurrence if discretion has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. STONEBROOK CAPITAL MANAGEMENT, INC. does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in clients’ accounts on their behalf so that we may promptly implement the investment policy that they have approved in writing.

## Limited Power of Attorney

A limited power of attorney (LPOA) is a trading authorization for this purpose. Clients sign a Limited Power of Attorney to grant the advisor discretionary authority to execute the trades that they have approved. The LPOA applies to discretionary and non-discretionary clientele. In both cases, STONEBROOK CAPITAL MANAGEMENT, INC. would enter the trade, but non-discretionary clients would have received a call and given their approval first.

# Item 17: Voting Client Securities

## Proxy Votes

STONEBROOK CAPITAL MANAGEMENT, INC. does not vote proxies on securities. Clients may choose to vote their own proxies and may request to receive voting materials directly from the custodian by mail or electronically.

When assistance on voting proxies is requested by the client, STONEBROOK CAPITAL MANAGEMENT, INC. will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

# Item 18: Financial Information

## Financial Condition

A balance sheet is not required to be provided because STONEBROOK CAPITAL MANAGEMENT, INC. does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than $500 per client, and six months or more in advance.

STONEBROOK CAPITAL MANAGEMENT, INC does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Furthermore, the firm has not been the subject of a bankruptcy petition at any time.

# Item 19: Requirements for State Registered Advisers

## Education and Business Standards

STONEBROOK CAPITAL MANAGEMENT, INC. requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

## Professional Certifications

Some employees or officers may have earned certifications and credentials that are required to be explained in further detail. Vice President, Mark Vincent, is a licensed Chartered Financial Analyst (CFA)*. See Mark Vincent’s bio, under Principal Executive Officers, for more information about the CFA designation.*

## Principal Executive Officers

## PRESIDENT:

RANDALL G. VINCENT Born: 1943

Educational Background:

University of Iowa BBA Business/Economics 1964

Business Experience:

* 06/01 – Present Stonebrook Capital Management, Inc., *Principal, Investment Advisor*
* 04/96-10/03 Vincent Doepke Investment Services, Inc., *Investment Advisor*
* 03/96-10/03 Raymond James Financial Services, *Registered Rep./Independent Contractor*
* 03/96-01/99 Robert Thomas Securities, *Registered Rep./Independent Contractor*
* 03/84-03/96 Merrill Lynch, Pierce, Fenner & Smith*, Vice President, Financial Consultant*
* 01/76-03/84 E.F. Hutton, *Financial Consultant*

**VICE PRESIDENT:**

MARK E. VINCENT, CFA\* Born: 1967

Educational Background:

* Kenyon College B.A.- History 1989
* Association for Investment Management Research Chartered Financial Analyst 2001

Business Experience:

* 06/01-Present Stonebrook Capital Management, Inc. *Principal, Investment Advisor*
* 05/02-11/03 Vincent Doepke Investment Services, Inc. *Research Analyst, Portfolio Manager*
* 05/02-11/03 Raymond James Financial Services, Inc. *Research Analyst, Portfolio Manager*
* 04/90-09/94 Kemper Clearing Corp., *Clerk*

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

* *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*](http://www.cfainstitute.org/about/membership/process/Pages/work_experience.aspx)*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*](http://www.cfainstitute.org/about/membership/process/Pages/membership_sponsors.aspx) *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*](http://www.cfainstitute.org/ethics/conduct/Pages/about_pcs.aspx)*, and any additional documentation requested by CFA Institute.*

The principal executive officers of STONEBROOK CAPITAL MANAGEMENT, INC. are not actively engaged in a business other than giving investment advice. Nor do they sell products or services other than investment advice to clients.

The principal executive officers of STONEBROOK CAPITAL MANAGEMENT, INC. and supervised persons are not compensated for advisory services with performance-based fees. *See Item 6: Performance Based Fees and Side-By-Side Management*

No principal executive officer or management person has been awarded or otherwise found liable in an arbitration claim alleging damages involving any of the following: an investment or an investment-related business activity; fraud, false statement(s), or omissions; theft, embezzlement, or other wrongful taking of property; bribery, forgery, counterfeiting, or extortion; or dishonest, unfair, or unethical practices.

No principal executive officer or management person has been awarded or found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following: an investment or an investment-related business activity; fraud, false statement(s), or omissions; theft, embezzlement, or other wrongful taking of property; bribery, forgery, counterfeiting, or extortion; or dishonest, unfair, or unethical practices.

The principal executive officers of STONEBROOK CAPITAL MANAGEMENT, INC. and management persons do not have any relationships or arrangements with any issuer of securities. *See Item 10: Other Financial Industry Activities and Affiliations*