Pinnacle Investments, LLC
Member FINRA / SIPC

Part 2A of Form ADV:
The Firm Brochure (“Brochure”)

September 30, 2024

5845 Widewaters Parkway, Suite 300
East Syracuse, NY 13057
United States
(315) 251-1101
www.pinnacleinvestments.com
SEC File Number: 801-67860
CRD Number: 142910

This brochure provides important information about Pinnacle Investments, LLC. (“Pinnacle Investments, Firm, us, our, or we”). You should use this brochure to understand the relationship between you, the Firm and your investment adviser representative (“IAR”). If you have any questions about the contents of this brochure, please contact us at (315) 251-1101 and/or compliance@pinnacleinvestments.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Pinnacle Investments is a registered investment advisor. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Pinnacle Investments, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov (select “Firm” and type in “Pinnacle Investments, LLC”).

Current copies of this brochure are available online at:

www.PinnacleInvestments.com/disclosures

Item 2: Material Changes

In 2023, Pinnacle Investments, without admitting or denying the findings, consented to a censure and agreed to pay a fine of $393,381, along with disgorgement of $83,462 and prejudgment interest of $11,874, following regulatory action. These penalties were the result of findings that Pinnacle made false and misleading statements in its Forms ADV Part 2A concerning the reviews of advisory client accounts.

Additionally, Pinnacle failed to adequately disclose conflicts of interest related to the outside business activities and compensation arrangements of one of its Investment Adviser Representatives. The firm also failed to adopt and implement policies and procedures reasonably designed to prevent violations of the Investment Advisers Act of 1940 and the rules concerning client account reviews and disclosure of conflicts of interest. Furthermore, the firm failed to deliver the required information about advisory personnel to clients, as outlined in Form ADV Part 2B.

As a result of this action, Pinnacle Investments has made substantial updates to its Form ADV Part 2A to provide more comprehensive and transparent disclosures. These updates include the disclosure of additional conflicts of interest relating to compensation arrangements, trading practices, and technology fees, among other important areas. These changes are part of our firm’s ongoing commitment to compliance and ensuring that our clients are fully informed of any potential conflicts that may impact their relationship with us. The Firm has also removed some duplicative language in the ADV 2A.

We encourage all clients to carefully review these updated disclosures and reach out to us with any questions or concerns regarding these findings, the changes we’ve made, or how they may affect your advisory relationship with Pinnacle Investments.

Item 3: Table of Contents

Item 1: Cover Page

Item 2: Material Changes

Item 3: Table of Contents

Item 4: Advisory Business

Item 5: Fees and Compensation

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

Item 7: Account Requirements and Types of Clients

Item 8: Methods of Analysis, and Risk of Loss

Item 9: Disciplinary Information

Item 10: Other Financial Industry Activities and Affiliations

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

Item 12: Brokerage Practices

Item 13: Review of Accounts

Item 14: Client Referrals and Other Compensation

Item 15: Custody

Item 16: Investment Discretion

Item 17: Voting Client Securities

Item 18: Financial Information

Item 4: Advisory Business

About the Firm
Established in 1995, Pinnacle Investments is registered as a broker-dealer and investment adviser with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and Securities Investor Protection Corporation ("SIPC").

As of September 30, 2024, Pinnacle Investments had regulatory assets under management of $1,069,846,994, of which $12,618,043 was managed on a non-discretionary basis and $1,057,228,951 was managed on a discretionary basis.

Pinnacle Investments is 100% owned by Pinnacle Holding Company, LLC which is organized as a limited liability company. There are no individual owners of 25% or more of Pinnacle Holding Company, LLC. FKAPI, Inc., a domestic entity, owns 25% or more of Pinnacle Holding Company, LLC.

Pinnacle Investments in conjunction with our Investment Adviser Representatives ("Pinnacle IAR") offers the following advisory services: financial planning, portfolio management both on a discretionary and non-discretionary basis, selection of other advisers, wrap fee programs, investment advisory service, and investment advice through consultation not included in aforementioned services. These services are conducted on a case-by-case basis.

Understanding Your Needs

Our advisory programs all begin with an initial meeting designed to better understand your unique needs and objectives. Meetings may be done in a number of ways, including, in person, over the phone, by video conferencing or other electronic means.

The investment programs that we recommend to you are based largely upon the personal information that you provide to us. In order for us to provide appropriate investment advice, or in the case of discretionary accounts, make appropriate investment decisions, it is important that you provide accurate and complete responses to our questions regarding your financial condition, investment objectives and personal circumstances, along with any reasonable investment restrictions that you may wish to place on the management of your account. Investment advisory services are tailored to meet the individual needs of the client.

The Firm offers the following managed account platforms as more fully described below:

I. AdvisorPro

We sponsor the AdvisorPro asset management program. In AdvisorPro, you will work with an Investment Adviser Representative ("IAR") to discuss your unique investment goals and objectives. Your IAR will discuss different potential strategies to achieve your goals. Your IAR will also recommend various investment products designed to achieve your stated objectives. Your IAR will manage your investments on a discretionary basis, meaning they can select to purchase and/or sell investments without your prior consent.

IARs may develop specific investment strategies using a mix of analytic methods. Such strategies ordinarily include long-term and short-term securities purchases and, depending on your objectives and the IAR's investment philosophy, supplemental covered option writing in addition to the long positions of calls and/or puts. In special circumstances, the strategies may also include margin transactions, other option strategies and trading or short-sale transactions. Due to any number of factors, including timing of deposits, investment selection process or investment needs, certain clients may receive different execution prices and investment results.

AdvisorPro is available to Pinnacle Investments' clients for accounts custodied at First Clearing or Charles Schwab. IARs are able to establish accounts at either custodian. Pinnacle Investments feels First Clearing and Schwab are similar in cost however each custodian has different transaction costs, and as those costs are paid by you, it may be possible that one custodian may be more or less expensive than another custodian given your particular investment strategy or products being purchased or sold. It is important to understand the differences in cost between each custodian. This information can be found in Item 5, fees and compensation. To help mitigate this risk, we review and approve all accounts prior to being established as well as conduct a review of advisory accounts on a periodic basis. Please refer to Item 13, review of accounts for additional information.

a. First Clearing

AdvisorPro, mentioned above, is offered to Pinnacle Investments' clients with accounts custodied at First Clearing. In addition to the description below, please see the description of AdvisorPro above.

First Clearing is the trade name used by Wells Fargo Clearing Services, LLC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

Services that Benefit the Client
First Clearing services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through First Clearing include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The services described in this paragraph generally benefit clients or their account(s).

Services that May Not Directly Benefit Clients
First Clearing also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both First Clearing's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at First Clearing.

In addition to investment research, First Clearing also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.
- analytical and Portfolio reporting (not available in Schwab)

First Clearing also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

First Clearing may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. First Clearing may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Irrespective of direct or indirect benefits to our client through First Clearing, we strive to enhance the client's experience, help reach their goals and put their interests before that of our firm or its associated persons.

b. Charles Schwab & Co., Inc. (Schwab)

AdvisorPro, mentioned above, is offered to Pinnacle Investments' clients with accounts custodied at Charles Schwab. In addition to the description below, please see the description of AdvisorPro above.

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like ours. They provide the Firm and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis, at no charge to advisors.

Services that Benefit Client
Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit clients or their account(s).

Services that May Not Directly Benefit Clients
Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or their account(s). These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab.

In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Irrespective of direct or indirect benefits to our client through Schwab, we strive to enhance the client's experience, help reach their goals and put their interests before that of our firm or its associated persons.

Pinnacle provides its IARs with access to a wide array of third-party asset managers through Schwab. These third-party managers are independent investment professionals that manage client assets based on specific strategies or asset classes. While this arrangement allows our IARs to offer clients a broad range of investment solutions, it may also present potential conflicts of interest.

IARs who use Schwab's platform have access to certain third-party managers that Schwab may promote due to their established partnerships or specific service agreements. This could lead to a conflict of interest if an IAR feels pressured—either explicitly or implicitly—to recommend these managers over others, even if another manager might be better suited for the client's objectives. Additionally, Schwab may offer economic or administrative benefits, such as lower transaction costs or streamlined account management tools, for using certain third-party managers, which could further influence an IAR's decision.

In these situations, an IAR may have an incentive to select a third-party manager from Schwab's platform, even when other managers outside of Schwab's network or available through alternative custodians may provide better service or performance for the client.

To mitigate these conflicts, Pinnacle has established a comprehensive review process to ensure that the selection of third-party managers is always made in the best interest of the client. Our firm performs a thorough review of client accounts before they are established, assessing factors such as:

- The client's financial objectives and goals
- Risk tolerance
- Investment time horizon
- Fees and costs associated with third-party managers

Additionally, we conduct ongoing reviews of all client accounts to ensure that the use of third-party managers, whether on Schwab's platform or otherwise, continues to align with the client's evolving financial goals. These periodic reviews help ensure that the selection of a third-party manager is based on objective factors related to client needs and not on any incentive or relationship between Schwab and our firm or IARs.

II. Pinnacle Capital Management

Pinnacle Capital Management, LLC ("PCM") was founded in August 2006 and is a wholly owned subsidiary of Pinnacle Holding Company, LLC. Pinnacle Holding Company, LLC. isIs also the parent company of Pinnacle Investments, LLC. PCM is organized as a Delaware limited liability company. Due to both firms being under common control, there is a conflict of interest that exists whenever a PCM program is recommended over other programs. To mitigate this conflict, the Firm's supervisory personnel review all PCM accounts prior to being established to ensure they meet the stated investment objectives and goals of our clients.

PCM provides investment supervisory services and offers advice on:

- equity securities (exchange-listed securities, securities traded over the counter, foreign issuers)
- corporate debt securities
- commercial paper
- certificates of deposit (bank CDs)
- municipal securities
- investment company securities (mutual fund shares)
- hedge funds
- United States government securities
- options contracts on securities
- interests in partnerships investing in real estate
- asset backed securities (ABS) including but not limited to residential real estate mortgage-backed securities (MBSs), collateralized loan obligations (CLOs), commercial mortgage-backed securities (CMBSs), and ABS backed by credit card receivables, auto loans, and equipment leases,
- private placement equity securities and/or debt securities.

PCM offers advisory services and sub-advisory services, where appropriate, to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, investment companies, hedge funds, corporations, insurance companies and other business entities.

PCM provides advice to clients regarding investment of assets based on the individual needs of the client. Client investment objectives, risk tolerances and time horizon are established at the beginning of each client relationship and updated as client needs change. If desired, PCM will assist clients in developing a personal investment policy and create and manage a portfolio based on that policy. PCM will manage advisory accounts on either a discretionary or non-discretionary basis. Account supervision is guided by the stated objectives of each client.

PCM will create a portfolio, or advise on the creation of a portfolio, consisting primarily of individual equities, exchange traded funds, mutual funds, hedge funds, fixed income securities and cash equivalents (e.g., money market funds). PCM will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds, hedge funds and exchange traded funds will be selected based upon any or all of the following criteria: the fund's performance history; the industry or geographic sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by the investment style selected based on each client's individual needs and circumstances.

Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities. As appropriate, PCM may engage in margin transactions or option writing for client accounts. As these strategies involve additional risks, they will only be recommended when consistent with the client’s stated risk tolerance.

PCM acts as a portfolio manager for the advisory programs discussed below with trades executed through the sponsor of the program. This form of directed brokerage may result in trading costs and execution services that are not as advantageous to the client as when PCM seeks “best execution.” PCM receives a portion of the advisory fee for its portfolio management services.

PCM provides portfolio management services in the Pinnacle Investments’ AdvisorPro Program. PCM AdvisorPro is an advisory program where Pinnacle Investments, a dually registered firm affiliated with PCM through common ownership and control, acts as adviser. PCM is the sub-adviser responsible for portfolio management services within the program. As part of its portfolio management services, depending on the version of the PCM managed account instruction form, PCM may vote proxies on behalf of participants. PCM is compensated by Pinnacle Investments for providing portfolio management services for clients participating in the PCM AdvisorPro program by receiving a portion of the advisory fee collected from the client. Participants in PCM AdvisorPro are clients of Pinnacle Investments and not advisory clients of PCM. Pinnacle Investments is responsible for assisting clients in understanding the PCM AdvisorPro program in light of the client’s investment objectives and financial situation – initially and on an ongoing basis. Pinnacle Investments is also responsible for client communication, portfolio reviews, client services, account maintenance and communicating client portfolio strategy changes to PCM. PCM manages client portfolios in accordance with the portfolio strategy selected on the PCM managed account instruction form subject to written restrictions and does not act in any other capacity.

PCM accounts can be custodied with either First Clearing or Schwab. Refer to the preceding section on First Clearing and Schwab for additional information.

PCM may have different pricing structures for the portfolios that they manage. While the pricing does not directly impact the total advisory fee that you pay, because of the pricing disparity, your IAR may have a conflict in choosing one manager over another due to the different costs. We mitigate this conflict by reviewing all advisory accounts, including manager selection, when the account is opened.

To mitigate this conflict, we implement a multi-step review process:

1. Annual Review of Charges: We conduct an annual review of the fees that PCM charges to IARs for the use of PCM’s services. This review ensures that fee structures remain appropriate and competitive, aligning with industry standards.

2. Account Review at Onboarding: We also perform a comprehensive review of each advisory account at the time it is opened. This includes evaluating the appropriateness of the selected sub-advisor or manager in relation to the client's financial goals, risk tolerance, and investment strategy, ensuring that the manager selection is based on suitability rather than cost.

III. Wrap-Fee Programs

The Firm offers a wrap fee programs to our current and prospective clients. A wrap fee account is an “all inclusive” account that takes all of the investment advice and transaction costs and bundles them together and you therefore only pay one fee for the management of your account. The Firm receives a portion of the wrap fee charged for our services. Depending on the number of transactions that occur in the account, this structure may be more or less financially beneficial to you. The wrap fee programs are described in a separate Wrap Fee Brochure and will be provided to current and prospective clients interested in those programs.

IV. Financial Planning Services

While there is no statutory definition of financial planning, the Firm has adopted the CFP’s Board definition of financial planning which states: “Financial Planning is an ongoing collaborative process that helps maximize a client’s potential for meeting life goals through Financial Advice that integrates all relevant elements of the Client’s personal and financial circumstances. Pinnacle Investments considers “holistic” Financial Planning to be a separate professional activity from investment advice and portfolio management.” A financial plan aims to provide an overview of a client’s financial well-being. However, a holistic financial plan is tailored to the individual client and their unique needs. While there are common components that may be found in most financial plans, given the uniqueness of each financial plan, some may include more or fewer components. Some of the common elements may include but are not limited to:

A. Ongoing collaborative process
B. Management of assets & liabilities
C. Cash flow management
D. Risk identification and management
E. Identify and manage the financial effect of health considerations
F. Provide for educational needs
G. Achieve financial security
H. Preserve and/or increase wealth
I. Identify tax considerations
J. Prepare for retirement
K. Project income during retirement years
L. Pursue philanthropic interests
M. Address estate and legacy matters

When creating a financial plan for a client, the Firm and its IARs fulfill our fiduciary responsibilities by putting our clients interest ahead of the Firm and/or IARs.

In creating a financial plan, we will use various third-party software tools. These tools allow us to collect certain information about your goals, needs, and objectives and then to create actionable plans to reach your goals. The Firm only allows third party software tools to be used that have been reviewed and approved by the Firm to be used for Financial Planning clients.

Pinnacle IARs must be approved by the Firm to offer financial planning services prior to engaging in these services with current or prospective clients. The IAR is also required to successfully complete firm sponsored training.

There are two main deliverables in providing financial planning activities: plan delivery and implementation of recommendations.

1. Plan Delivery: The delivery of the financial plan is a crucial step in the financial planning process. Upon entering all key variables of a client's financial situation, and taking into account your specific goals and objectives, a financial planning document will be provided to the client.

2. Implementation of Financial Plan: The IAR will discuss the contents of the financial plan with you. Part of that discussion will include discussing any assumptions used in the planning process, potential shortfalls that you may experience in reaching your goals, areas of concern, and recommendations to help you achieve your goals and objectives.

Financial Planning Fees – Each financial plan is developed after carefully discussing with you your needs, objectives, and financial goals. Because of the uniqueness of each plan, financial planning fees may range widely. Factors such as scope of services, complexity of financial situation and geographic location all play an important role in determining the financial planning fees. In general, the Firm's financial planning fees do not exceed $5,000.

Mutual Funds and Exchange-Traded Funds ("ETF") in Advisory Programs

Mutual fund companies typically offer multiple share classes of each of their mutual funds with varying levels of fees and expenses. Mutual funds or share classes offered through our advisory Programs are not necessarily the least expensive. Investing in mutual funds will generally be more expensive than other investment options available in your advisory account, such as ETFs. In addition to the Program fee, you will also bear a proportionate share of each fund's expenses, including investment management fees that are paid to the fund's investment adviser. These expenses are an additional expense to you and not covered by the Program fee; rather, they are embedded in the price of the fund. You should carefully consider these underlying expenses, in addition to the Program fees, when considering any advisory Program and the total compensation we receive. Other funds and share classes may have different charges, fees, and expenses, which may be lower than the charges, fees, and expenses of the funds and share classes made available in the Program. An investor who holds a less expensive share class of a fund will pay lower fees over time – and may earn higher investment returns - than an investor who holds a more expensive share class of the same fund. In accounts held at First Clearing, any 12b-1 fee payments received are credited back to their respective Pinnacle Investment AdvisorPro account. Any 12b-1 fees received by Pinnacle Investments will be credited back to client accounts within 95 days unless the position is excluded from advisory billing.

Pinnacle Investments offers a variety of advisory programs to meet the diverse needs of its clients. When recommending a particular advisory program, a conflict of interest may arise due to the different levels of profitability associated with each program. Specifically, the costs to administer these programs—whether for the firm itself or its investment adviser representatives ("IARs")—can vary based on factors such as trading volume and asset size. As a result, certain programs may be more or less profitable to Pinnacle Investments depending on the client's investment activity and the size of their account.

For instance, programs with higher trading volumes may incur higher costs to the firm, while those with larger asset sizes may be more profitable due to the asset-based fee structures. This creates a potential conflict of interest if the firm or its IARs are influenced to recommend programs based on profitability rather than what is in the client's best interest.

To mitigate this risk, Pinnacle Investments has established the following procedures:

1. Initial Account Review: Before an account is established, a designated supervisor reviews the client's financial situation, investment goals, and account characteristics to ensure that the recommended program is appropriate and aligns with the client's needs.

2. Ongoing Monitoring: Pinnacle Investments periodically reviews client accounts to confirm that the advisory program remains suitable based on the client's evolving financial circumstances and objectives. Any adjustments in the program recommendation will be made with the client's best interest in mind.

These internal controls help ensure that clients are placed in advisory programs that are aligned with their specific goals and needs, minimizing the potential for conflicts of interest based on the firm's profitability.

Item 5: Fees and Compensation

All of the program accounts described in this brochure, with the exception of Financial Planning, are charged a fee on eligible assets for advisory services. Exceptions to the stated minimum opening balances are considered on a case-by-case basis. Financial Planning can be charged as either a fee, based on eligible assets, or a flat fee per plan. This is covered in the Financial Planning Agreement.

Fee Schedules for each program are set forth as follows:

I. AdvisorPro Fee Schedule

Initial Account Opening Balance:

AdvisorPro generally has a minimum account opening balance of $10,000.
AdvisorPro accounts managed by PCM generally have a minimum account opening balance of $100,000.

Advisory Fee Charge

AdvisorPro accounts are charged an advisory fee of 3.00% annualized. This rate may be negotiated based on IAR, account size, investment complexity, use of PCM as sub-advisor and level of service required.

Billing Methodology

Fees on advisory accounts are payable in advance. Fees will be invoiced at the beginning of each Billing Period based upon the value (market value or fair market value in the absence of market value) of the Advisory account(s) at the end of the previous Billing Period or average daily balance of the prior Billing Period for clients whose Managed Account Program Agreement specifies that calculation. Billing Periods normally span 3-months but will not be more frequent than monthly in advance, but in no event less frequently than annually in advance. Client authorizes the account custodian ("Custodian") to pay the fees directly to Pinnacle Investments. To pay advisory fees, funds will be deducted from the account and if necessary, by liquidating holdings in the following order: cash positions; money market funds or current liquid securities positions. Fees are deducted directly from the advisory account(s), but if specified in writing, may be deducted from a different non-retirement account, including non-advisory accounts. If requested in writing, fees may also be billed and paid by check if within 10 days of invoice date, otherwise fee will be deducted from the advisory account. The initial fee payable when an account is opened will be based on the month-ending account value once the account is considered fully funded. Should this Agreement be accepted on a date other than the first day of the Bill Period, Client's asset-management fee will be calculated on a pro-rata basis for that period.

Additional Fees

The client may be responsible for additional costs including, but not limited to, transaction, postage / handling, ACAT and custodial fees. For First Clearing custodied accounts there is currently $5.00 charged on each transaction for postage / handling related to the generation of trade confirmations and periodic account statements. Trades at First Clearing are also charged $20.00 for execution and clearing although this may be negotiated based on account size, investment complexity and level of service required. The minimum annual Program fee under this Agreement will be $100.00. Accordingly, Client may pay an effective rate that is greater than the rate specified. Please refer to the sections below for First Clearing and Schwab for specific costs related to each custodian.

Termination of Account / Fee Refunds

If a client terminates their advisory relationship with Pinnacle Investments in writing before the end of the billing period, a pro-rated refund of advisory fees will be made to the client less reasonable start-up costs including transaction costs.

AdvisorPro is available to Pinnacle Investments' clients for accounts custodied by First Clearing and Charles Schwab.

First Clearing

As mentioned above, trades executed at First Clearing may be subject to a transaction / clearing charge of $20 and a postage / handling fee of $5. The fee schedule was negotiated between Fist Clearing and Pinnacle Investments and likely differs from the schedule of another investment advisor firm. These fees are separate and in addition to Pinnacle Investment's annual asset management fee.

Brokerage arrangements are further described below in *Item 12 Brokerage Practices.*

First Clearing pays additional compensation to Pinnacle Investments based on new AUM attributed to the addition of a new IAR to the platform. This compensation is not shared with any IAR of Pinnacle Investments. This can create a conflict of interest when new IAR's clients open accounts with First Clearing and is mitigated by the new account approval process.

In contrast to Schwab, First Clearing does not offer a No Transaction Fee (NTF) program for mutual funds or other investments. This difference in fee structure creates a conflict of interest for our Investment Advisor Representatives (IARs), as they may be incentivized to recommend Schwab over First Clearing due to the availability of NTF funds at Schwab, or vice versa, depending on the specific transaction costs.

Our firm mitigates this conflict by conducting an annual review of all client accounts to evaluate whether the selection of Schwab or First Clearing as a custodian is appropriate for each client's individual situation. We assess factors such as the client's overall investment strategy, cost-efficiency, and long-term goals. The choice of custodian is always based on the best interests of the client and not on any differences in transaction fee structures.

Solicitation Fees

In some cases, Pinnacle may enter into agreements with third-party solicitors to refer clients to our firm. These solicitors may receive a fee based on a percentage of the assets under management or other compensation, such as a flat fee, for their services. This arrangement creates a conflict of interest, as the solicitor has a financial incentive to recommend our firm's services over those of other advisory firms, regardless of whether our services are the best fit for the client's needs.

To mitigate this conflict, we ensure that any referral arrangements comply with all regulatory requirements, including the delivery of appropriate disclosures to prospective clients. Additionally, we seek to act in the best interests of our clients and only enter into solicitation arrangements with parties we believe will act in good faith and provide accurate information regarding our services. However, clients should be aware that this compensation arrangement may influence a solicitor's recommendation.

Clients referred through such solicitation agreements are not charged additional fees beyond those outlined in the third party solicitors standard fee schedule.

Charles Schwab & Co., Inc. (Schwab) Platform

Schwab has eliminated commissions for online trades of equities, ETFs and options (subject to a per contract fee). This means that when we buy and sell these types of securities, the client will not pay commissions to Schwab. Should a transaction fee be charged on a different type of product Pinnacle

Investments does not share in the revenue from that charge. To see what you would pay for transactions in a non-wrap account please refer to Schwab's most recent pricing schedules available at www.schwab.com/aspricingguide

In certain situations, Pinnacle Investments charges a "platform fee" to some advisors for accessing Schwab's custody and trading platform, while other advisors are not subject to this fee This differential treatment creates a potential conflict of interest because an advisor who is not subject to the platform fee may have an incentive to recommend Schwab as a custodian or to allocate assets in a way that minimizes their costs rather than solely in the best interest of the client.

To mitigate this conflict, our Firm conducts an annual review of all client accounts managed by advisors who are not subject to the platform fee. This review ensures that any recommendations or asset allocations are made in the client's best interest, without consideration of the fee arrangements between the advisor and Pinnacle. During the review, we evaluate the appropriateness of account allocations, trading activity, and the overall benefit to the client.

We are committed to acting in the best interest of our clients and encourage clients to ask questions about the custody and trading arrangements with Schwab or any other service providers used by our firm. All fees and arrangements, including those related to platform fees, are fully disclosed to clients to ensure transparency and trust in our advisory services.

Pinnacle utilizes multiple custodians, including First Clearing and Charles Schwab & Co., Inc. ("Schwab") for the execution of client transactions. Schwab offers certain mutual funds on a No Transaction Fee (NTF) basis, meaning the client does not incur a transaction charge when buying or selling these funds. Conversely, other funds offered through Schwab may require the client to pay a transaction fee (TF). This creates a potential conflict of interest because our advisors may have an incentive to recommend NTF funds to avoid incurring client transaction fees, regardless of whether those funds are the best option for the client's investment strategy.

To mitigate this conflict, our firm conducts a thorough review of fund selections at the time of account opening and periodically reviews accounts thereafter. This review ensures that the selection of funds—whether NTF or TF—is based on the best interests of the client and aligns with their overall investment objectives and strategy, without being influenced by transaction fee structures. Our firm also discloses all costs associated with fund transactions upfront, so clients are fully informed of any potential expenses.

Financial Incentives and Potential Conflicts of Interest

Our Firm may provide financial incentives to newly recruited Investment Adviser Representatives (IARs) to encourage the transfer of client assets onto our platform. These incentives can take the form of bonuses, enhanced compensation, or other financial benefits that are tied to the volume or value of assets transferred to the Firm.

While these incentives are designed to support the transition of client accounts and ensure the continuity of service, they may also create a potential conflict of interest. Specifically, the financial benefits provided to the IARs may influence their decision to recommend that clients transfer assets to our platform, even if it may not be in the client's best interest. This conflict arises when an IAR is incentivized to move client assets for their own financial gain rather than based on the suitability of the Firm's services and products.

Mitigation of Conflicts

To mitigate this potential conflict of interest, we have implemented the following measures:

1. Account Review at Onboarding: We perform a thorough review of each advisory account at the time it is opened. This review ensures that the decision to transfer assets to our platform is based on the client's financial goals, risk tolerance, and overall investment strategy, rather than the financial incentives provided to the IAR.

2. Periodic Account Reviews: After the initial onboarding, we conduct periodic reviews of client accounts to ensure that the investment recommendations and platform services remain in line with the client's objectives. This ongoing review process helps to ensure that client accounts are managed appropriately, regardless of any incentives that may have been provided to the IAR.

Priority Credit Line

Our firm offers a Priority Credit Line (PCL), which is designed to provide clients with access to funds by using their investment portfolio as collateral. Below, we provide details regarding the nature, risks, and associated terms of the Priority Credit Line.

1. Features and Benefits:
    - The Priority Credit Line allows clients to borrow funds using their eligible investment assets as collateral, typically at lower interest rates compared to unsecured loans.
    - There are no restrictions on how borrowed funds may be used, providing flexibility to meet personal or investment needs.
    - Interest is charged only on the funds drawn, and clients can access credit as needed, up to the pre-approved credit limit.
2. Collateral and Credit Limit:
    - The amount available under the credit line is based on the value of eligible investments in the client's portfolio. Changes in market conditions may affect the value of these investments, and consequently, the available credit limit.
    - If the collateral value falls, the client may be required to deposit additional funds or securities to maintain the credit line.
3. Risks:
    - Market Risk: The value of the securities used as collateral may fluctuate due to market conditions. A decline in asset value could trigger a margin call, requiring the client to provide additional collateral or repay part of the loan.
    - Liquidity Risk: In certain cases, the sale of assets to meet a margin call may occur under unfavorable market conditions, potentially leading to losses.
    - Interest Rate Risk: Interest rates on the credit line are variable and may increase over time. This could lead to higher borrowing costs.
4. Fees and Costs:
    - Interest is charged on any outstanding balance, and the rate is subject to change based on prevailing market conditions.
    - Clients may also be responsible for other fees, such as late payment fees, account maintenance fees, or fees associated with the liquidation of collateral in the event of default.
5. Conflict of Interest:
    - The firm may receive compensation in the form of interest payments or fees related to the Priority Credit Line. This compensation provides an incentive for the firm to recommend the PCL product, which could present a conflict of interest between the firm and the client.
6. Mitigation of Conflict of Interest:
    - To mitigate this potential conflict, the firm conducts regular reviews of client accounts to ensure that the Priority Credit Line remains appropriate based on the client's financial objectives and situation. The firm takes into account factors such as investment goals, risk tolerance, and liquidity needs before recommending or maintaining a PCL.

Double Dipping

A potential conflict of interest, referred to as "double dipping," may arise when a client is first sold a commission-based product, such as a mutual fund or annuity, and shortly thereafter, the account or assets are transferred to a fee-based advisory platform. In this scenario, the Investment Adviser Representative (IAR) may receive both a commission from the sale of the product and ongoing advisory fees when the account is transferred into the Firm's advisory program. This could result in higher costs for the client and raises a conflict, as the IAR may have an incentive to recommend such transactions to increase their compensation. For example, if a client is sold a commission-based mutual fund, the IAR may receive a commission at the time of purchase. If that same mutual fund is then transferred into a fee-based advisory account, the client will also pay an ongoing advisory fee, effectively paying twice for the same product. This situation creates a financial conflict of interest, as the IAR may be motivated to move assets to an advisory account to collect additional fees, rather than making recommendations based solely on the client's best interest.

Mitigation of Conflicts

To address and mitigate this potential conflict of interest, we have implemented the following measures:

1. Account Opening and Product Suitability Review: When a client’s account is opened or assets are transferred to an advisory account, we conduct a thorough review to ensure the appropriateness of the advisory structure and the suitability of the transferred assets as well as review trades in the past 30 days to identify any commissions that have been charged. This review helps ensure that the move to a fee-based advisory platform is in the client’s best interest and not driven by the IAR’s compensation.
2. Disclosure of Fees: We provide full transparency on all fees and compensation, both at the time a commission-based product is sold and when assets are transferred to an advisory account. This ensures that clients are aware of any potential costs and the compensation the IAR may receive.
3. Ongoing Monitoring and Reviews: After the account is opened, we conduct periodic reviews to ensure that the account structure, investment products, and fees remain aligned with the client’s financial goals and objectives. If a commission-based product is transferred to an advisory platform, we will review the appropriateness of continuing to hold that product in a fee-based environment.
4. Firm Oversight: Our Firm conducts internal oversight to identify situations where commission-based products are quickly transferred to fee-based accounts. This helps us ensure that such transfers are justified based on the client’s needs and not influenced by compensation-related conflicts.

Gifts and Entertainment

Our Firm has established policies and procedures to regulate the receipt and giving of gifts and entertainment by our Investment Adviser Representatives (IARs) to prevent any potential conflicts of interest that could influence the advice or services provided to clients. The Firm requires that any gift or entertainment exceeding $100 in value, whether given or received by an IAR, must be pre-approved by the Firm. This policy helps to ensure that gifts and entertainment are appropriate and do not create an appearance of impropriety or undue influence over business decisions. In addition to the pre-approval process, IARs are required to maintain and submit a gift log that documents all gifts and entertainment given or received, regardless of the amount. The Firm conducts a thorough review and approval of these logs to ensure compliance with our policies and to identify any potential conflicts of interest.

Oversight and Monitoring
To ensure adherence to these policies, the Firm has implemented the following measures:

1. Quarterly Reviews: The Firm conducts quarterly reviews of the submitted gift logs to verify that all gifts and entertainment are properly reported and approved, and that they comply with the Firm's policies.

2. Annual Attestation: On an annual basis, IARs are required to complete an attestation certifying that they have complied with the Firm's gift and entertainment policies throughout the year. This attestation helps ensure ongoing adherence to the rules and provides an opportunity for IARs to report any issues or concerns.

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

Performance-Based Fees
Neither Pinnacle Investments nor any of its Supervised Persons or employees accepts performance-based fees (fees based on a share of capital gains or on a capital appreciation of the assets of a client).

Side-by-side management
Pinnacle Investments does not engage in side-by-side management, which refers to the practice in which a management firm simultaneously manages multiple products, such as mutual funds, hedge funds, separately managed accounts, and so forth.

Item 7: Account Requirements and Types of Clients

Account Requirements

The minimum initial account values for the Programs in this document are listed below. Under certain circumstances, the minimum account size may be waived. You should refer to the chart below, as appropriate, to determine the minimum account size requirements.

Program Name	Minimum Account Size
AdvisorPro – First Clearing, Schwab	$10,000 may be waived
Pinnacle Capital Management	$100,000 may be waived
Financial Planning	No Minimum

Types of Clients

Pinnacle Investments may provide the advisory services described in this brochure to individuals, pension or profit-sharing plans, trusts, estates or charitable organizations, corporations or other business entities, governmental entities and educational institutions, as well as banks or thrift institutions.

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

Method of Analysis:
Pinnacle's IAR or portfolio manager may use a fundamental and/or technical approach for their approach to securities analysis. They may also utilize charting and cyclical analyses.

Pinnacle's IAR may use one or more of the following sources of information: financial publications, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases.

Pinnacle Investments' investment strategies used to implement any investment advice given to clients include:

- Long-term purchases (securities held at least a year from date of purchase)
- Short-term purchases (securities sold within a year of purchase date)
- Trading (securities sold within 30 days of purchase)

- Short sales
- Margin transactions
- Option writing, including covered options, long positions of calls and/or puts, uncovered options or spread strategies

Risk of Loss:
Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. Investors face the following types of risks:

Market Risk:
The price of a security, bond, or mutual fund may drop (or rise in the case of shorted investments) 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.

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.

Investment Adviser Risk:
Financial Advisor's ability to choose suitable investments has a significant impact on the ability of the Strategies to meet their investment objectives.

Asset Allocation Risk:
Financial Advisor's allocations between equity and debt securities could cause accounts to underperform relative to benchmarks and other accounts with similar investment objectives.

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.

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 income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Financial Risk:
Excessive borrowing to finance a business' operations increases the risk to profitability, because the company must then 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.

Margin Risk:
The use of margin is not suitable for all investors since it increases leverage in your Account and therefore risk.

Investing in securities involves risk of loss that clients should be prepared to bear. In the case of a primary trading investing strategy, frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Item 9: Disciplinary Information

IIn 2015, Pinnacle Investments, without admitting or denying the findings, consented to the censure and fine in the amount of $12,500 due to the findings that it failed to preserve all business-related communication sent or received by a registered rep and his assistant who were using outside email accounts.

In 2023 Pinnacle Investments, without admitting or denying the findings, consented to the censure, fine in the amount of $393,381, disgorgement of $83,462 and prejudgment interest of $11,874. This was due to findings that Pinnacle made false and misleading statements in its Forms ADV part 2A regarding reviews of advisory client accounts, failed to adequately disclose its conflict of interest with the outside business activities and related compensation arrangements of an Investment Adviser Representative, failed to adopt and implement policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder concerning reviews of client accounts and conflicts of interest and failed to deliver to clients information about advisory personnel as required in Form ADV Part 2B.

Item 10: Other Financial Industry Activities and Affiliations

Pinnacle Investments is registered as a securities broker-dealer with the Financial Industry Regulatory Authority (FINRA). It also has arrangements that are material to its advisory business or clients with a related person who is an investment company investment advisor. Pinnacle is also a general partner in a partnership in which clients are solicited to invest. These arrangements and partnerships are disclosed as follows:

OTHER BUSINESS ACTIVITIES AND AFFILIATIONS

Pinnacle Holding Company, LLC
Pinnacle Holding Company, LLC is the parent company of 1) Pinnacle Investments, LLC and 2) Pinnacle Capital Management, LLC. Pinnacle Investments is not formally affiliated with Pinnacle Advisors, LLC., however there is some common ownership. Pinnacle Advisors, LLC is an SEC-registered investment adviser. The advisory services provided by Pinnacle Advisors, LLC are separate and distinct from the advisory services provided by Pinnacle Investments or any other subsidiary of Pinnacle Holding Company, LLC.

Pinnacle Capital Management, LLC
Pinnacle Capital Management, LLC is an investment management firm providing services to individual investors, corporations, pension funds, foundations, endowments, labor unions, insurance companies, healthcare organizations and governments. PCM specializes in managing equity, balanced and fixed income portfolios. PCM also manages a mutual fund, the 1789 fund, of which Pinnacle Investments is a distributor and offers this product to their clients.

PCM also has representatives focused on 403(b) retirement plans for educators and employees of schools, hospitals and not-for-profit (501c) organizations. PCM representatives may offer Plan Sponsors with customized investment advisory services, diversified investment menus, consulting and reporting, and participant educational programs.

Pinnacle Investments' relationship with Pinnacle Capital Management creates a conflict as some IARs of Pinnacle Investments are also owners of Pinnacle Holding Company, LLC. As Pinnacle Capital Management is also owed by Pinnacle Holding Company, LLC there may be an incentive for IARs to recommend PCM's products and services to their clients in order for Pinnacle Holding Company, LLC to be more profitable. This conflict is mitigated through account opening processes as well as annual reviews of advisory accounts. There is no additional direct compensation for IARs to recommend PCM products and services.

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

Code of Ethics

Code of Ethics
All Pinnacle Investments' employees, registered representatives and IARs must comply with a Code of Ethics and Insider Trading Policy. The purpose of the Code is to preclude 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 Code describes Pinnacle Investments' high standard of business conduct, and its fiduciary duty to its clients.

The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Compliance personnel or Designated Supervisors review a sample of employee trades each quarter. These reviews ensure that personal trading does not affect the markets and that the clients of Pinnacle Investments receive preferential treatment.

Pinnacle Investments' employees and independent IARs must acknowledge the terms of the Code when hired and at least annually thereafter. Any individual not in compliance with the Code may be subject to discipline.

Clients and prospective clients can obtain a copy of Pinnacle Investments' Code of Ethics by contacting Monica Coles at (315) 295-3806 or MColes@Pinnacle-LLC.com.

Conflicts of Interest:

Dual Registration of Pinnacle Investments:
Pinnacle Investments operates as both an SEC-registered investment adviser and a registered broker-dealer. This dual registration means it can offer services in two distinct roles:

- As an Investment Adviser (Advisory Capacity): In this role, Pinnacle Investments is responsible for providing ongoing, holistic financial advice. Clients are typically charged an asset-based fee (a percentage of the assets under management, or AUM), which is continuous and based on the overall value of the portfolio being managed.
- As a Broker-Dealer (Brokerage Capacity): In this role, Pinnacle executes securities transactions for clients. The compensation is usually on a transaction-based fee structure, where clients pay for each transaction (such as buying or selling a stock or bond), rather than an ongoing fee.

Material Conflict of Interest: The potential conflict arises due to the different fee structures between advisory and brokerage accounts, and the possibility that investment adviser representatives (IARs) could be incentivized to recommend an account conversion that might benefit Pinnacle Investments rather than the client. Two specific scenarios where this conflict may arise include:

- Brokerage Account to Advisory Account: When converting from a brokerage account (transaction-based fees) to an advisory account (asset-based fees), a conflict can occur if the client could have benefitted more from paying per transaction instead of being charged a continuous fee based on their assets. For example, a client with low transaction volume might end up paying more in an asset-based advisory account than they would in a brokerage account.
- Advisory Account to Brokerage Account: Similarly, when converting an advisory account to a brokerage account, a conflict may arise if the client could have been better served by staying in an

advisory relationship, especially if they benefit from ongoing portfolio management and regular advice. Clients with more complex financial needs could find that paying per transaction is more expensive or limits the scope of advice received.

Addressing Conflicts Through Internal Policies: Pinnacle Investments mitigates this conflict of interest by implementing internal policies and controls, which include the following measures:

- Supervisory Review: A designated supervisor is required to review the client's information before any conversion between account types. This review process ensures that decisions are being made in the client's best interest, rather than based on the IAR's incentives or the firm's profitability goals. The supervisor is likely responsible for considering factors such as:
    - The client's financial goals and risk tolerance
    - The nature and frequency of transactions in the client's account
    - Whether the client would benefit from ongoing advice or from a transactional approach
    - Any potential fee advantages or disadvantages for the client in either account type

There is a potential conflict that arises when representatives of Pinnacle Investments who are individual shareholders of Pinnacle Holding Co., LLC, invest client assets in PCM programs because as an affiliate, the profitability of PCM could impact shareholder value. We feel this conflict is minimized in that representatives of Pinnacle Investments must ensure that any PCM products are in the best interest of the client.

Pinnacle Investments, when acting as a broker-dealer, provides recommendations subject to Regulation Best Interest. When we provide you with a recommendation, we are required to to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the services we provide. Here are some examples to help you understand what this means:

Employee / IAR vs. Client Conflicts:
The compensation arrangements or incentives for the firm, its employees and independent IARs could affect whether clients are recommended or offered a particular security or transaction.

Outside Business Activities:
If your broker or adviser engages in an outside business activity, it can cause the appearance of a conflict. Typically, this may occur if the broker or advisor engages in an outside business activity relating to a stock offering and the employer for the outside business activity tries to have the broker or adviser recommend or sell certain investments.

Solicitation Fees:
The Firm's IARs may collect cash referral or solicitor fees for referring business to Pinnacle Employee Services, LLC ("PES"), an entity under common ownership with Pinnacle Investments. This creates a conflict as the IAR has an incentive to refer business to PES.

Dual Registration – Investment Advisor/ Broker Capacity
Pinnacle Investments is both an SEC registered investment adviser and a registered broker-dealer. As such it is able to act in an advisory capacity and have managed accounts as well as act in a brokerage capacity and maintain brokerage accounts. It is important that the broker or adviser is clear on that role when engaging with a client.

A material conflict of interest may arise when a brokerage account converts to an advisory account where representatives recommend clients in asset-based fee accounts versus transaction-based fee accounts. The same conflict may arise when an advisory account converts to a brokerage account where representatives place clients in transaction-based accounts versus asset -based fee accounts. This conflict exists in part due to the IAR and/or Pinnacle Investments' ability to generate more income depending on the account type selected. This conflict does not apply to brokerage commissions charged on advisory accounts as those are charged by the custodian and Pinnacle Investments does not share in those commissions.

Pinnacle Investments addresses this potential conflict of interest through the use of an internal policy that requires that a Pinnacle representative submit a form with pertinent information when a brokerage account converts to an advisory account or, when an advisory account converts to a brokerage account. The information pertains directly to the reasoning for the transfer of the account and requires the signature of a supervisor.

As a dually registered RIA and broker-dealer, the Firm receives revenue both from commissions as well as advisory fees. The Firm may sell you a product in which a commission is charged and then place those assets in an advisory account to provide ongoing investment management. The advisory account will charge an asset based fee for advisory services. Because the firm may earn both a commission and then, subsequently, fees on the same assets, this creates a conflict of interest for the Firm. The firm mitigates this conflict by reviewing assets that are placed in the advisory account for commissions that may have been earned to determine whether or not the asset is appropriate for the advisory account or whether a recent commission should be refunded.

Brokerage Transaction:
Pinnacle Investments is required to provide clients with the best execution possible for their transactions. An appearance of a conflict of interest may occur if a broker-dealer or investment adviser directs transactions to a certain market center that may not provide clients with the best possible execution price on their transactions. Pinnacle Investments does not direct the flow of transactions to market centers.

Placing client assets with First Clearing may pay an additional fee to Pinnacle Investments for assets coming onto their platform when they are from an IAR new to Pinnacle.

a. **Front Running:** Front Running is not only a conflict of interest but also a prohibited act. This situation results when a broker or advisor takes advantage of non-public information about a large block trade and purchases or sells the securities in his or her own account ahead of the block execution.

b. **When we act as your investment adviser:** We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you.

c. **When we provide a recommendation as your broker-dealer or act as an investment adviser:** We have to act in your best interest and not put ours ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you.

d. **When your accounts are charged inactivity fees:** We have a fiduciary responsibility to act in your best interest. Your custodial firm may charge an inactivity fee if there is little to no trading activity within your account. The inactivity fee is charged directly to your account and will result in a decrease in the overall account performance, however, depending on market volatility and other factors, we may choose to limit the amount of trading in your account if we feel it is in line with achieving your stated objectives and goals. To mitigate this conflict, the firm reviews advisory transactions to determine whether the account is being managed according to your wishes.

Rollovers:
If a client is a participant in an employer-sponsored plan such as a 401(k) plan and decides to roll assets out of the plan into a retail account, Pinnacle Investments and the IAR have a financial incentive to recommend that the client invest those assets in the account, because Pinnacle Investments will be paid on those assets, for example, through advisory fees. You should be aware that such fees likely will be higher than those a participant pays through an employer-sponsored plan, and there can be maintenance and other miscellaneous fees higher than an employer-sponsored plan. As securities held in an employer-sponsored plan are generally not transferrable to the account, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan. Pinnacle Investment's policy generally prohibits its IARs from recommending clients roll out an employer-sponsored retirement plan into a Pinnacle Investments IRA, although IARs may assist by educating clients on their options as well as various pros and cons of initiating a roll out of an employer-sponsored plan and may recommend how IRA assets be invested after the client has determined to roll out of the employer-sponsored plan. When Pinnacle Investments or an IAR recommends that a client move assets from a Pinnacle Investments brokerage account or an IRA held at another financial institution into a program account, he or she is required to consider, based on the information client provides, whether client will be giving up certain investment-related benefits at the other financial institution, such as the effects of breakpoints or rights of accumulation, and has determined that the recommendation is in client's best interest because (1) greater services and/or other benefits (including discretionary management, asset consolidation, trust services, and advice and planning, automatic account rebalancing) can be achieved with the Account; and (2) the asset based fees and transaction charges are justified by these services and features.

Examples of Ways the Firm Makes Money and Conflicts of Interest:

a. Proprietary Products: Investments that are issued, sponsored or managed by Pinnacle Investments or our affiliates.

   <u>1789 Growth and Income Fund:</u> The 1789 Growth and Income Fund is a 40 Act Mutual Fund that seeks income and growth of capital by investing primarily in stocks with high and growing dividends. Pinnacle Investments is the distributor for the Fund and Pinnacle Investments' affiliate PCM is the Advisor to the Fund.

b. Third-Party Payments: We do not receive third party payments when we recommend or sell certain investments.

c. Revenue Sharing: We do not receive revenue sharing from managers or sponsors of specific investments.

d. Principal Trading: Investments Pinnacle Investments buys from a retail investor and/or investments Pinnacle Investments sells to a retail investor, for or from our own accounts, respectively.

<u>Participation or Interest in Client Transactions and Personal Trading</u>
Individuals associated with Pinnacle Investments may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is the expressed policy of Pinnacle Investments that no person employed by Pinnacle Investments shall prefer his or her own interest to that of an advisory or sub-advisory client or make personal investment decisions based on advisory client's investment decisions. To supervise compliance with its Code of Ethics, Pinnacle Investments requires that anyone associated with advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Compliance Department. Pinnacle Investments requires such access persons to also receive approval from the Chief Compliance Officer prior to investing in any private placements (limited offerings).

Pinnacle Investments requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Pinnacle Investments' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline.

Item 12: Brokerage Practices

Pinnacle Investments is registered as both a Broker Dealer and an RIA. As such, accounts that are opened with Pinnacle Investments as the broker-dealer clear through its clearing firm, First Clearing. This may create a conflict for accounts opened with First Clearing, as Pinnacle Investments may receive additional compensation related to transaction, postage / handling and ACAT charges that are associated with these accounts. Pinnacle does not receive payment for order flow.

Pinnacle receives compensation in connection with client margin balances and money market sweep accounts. This compensation creates a potential conflict of interest as it provides the Firm with a financial incentive to recommend or maintain higher margin balances or direct client cash into specific money market sweep programs.

Margin Balances
When clients use margin accounts, the custodian charges interest on the outstanding margin balance. Our Firm receives a portion of this interest. This compensation presents a conflict of interest as it incentivizes us to recommend that clients take margin loans or maintain larger balances on margin, potentially leading to additional costs for the client.

Money Sweep Accounts
Client cash balances may be "swept" into money market funds or other cash-equivalent vehicles. Our Firm receives a portion of the interest or other compensation generated from these money market sweep programs. This compensation arrangement creates a conflict of interest by incentivizing the Firm to recommend sweep programs that offer greater compensation to the Firm, which may not necessarily be the most advantageous option for the client based on returns or fees.

Mitigation of Conflict
While we seek to act in the best interests of our clients, the receipt of compensation on margin balances and money sweep accounts presents a conflict. To mitigate this conflict, we:

- Disclose this compensation arrangement to our clients, allowing them to make informed decisions.
- Periodically review the terms of margin balances and sweep programs to ensure they remain competitive.
- Offer alternative investment options or strategies to clients that do not involve margin or sweep accounts, if such strategies align with their financial goals.

The compensation for both margin balances and sweep accounts is credited to the Firm and not passed along to the IARs. Clients should carefully consider the additional costs and risks associated with maintaining margin balances or using money market sweep accounts. We encourage clients to ask questions and fully understand these programs before utilizing them.

Pinnacle Investments, through its clearing firm, has the ability to aggregate the purchase or sale of securities for various client accounts. This typically occurs when registered representatives are seeking best price execution for their clients. If accounts are aggregated for the purpose of order placement, the trades are run through an average price account. This means that you will not receive the best, nor the worst, price (best execution) since the price you receive will be the average of all prices received for the execution of the order.

Pinnacle Investments' registered representatives working in an IAR capacity may enroll clients in managed account programs, including those of entities affiliated with Pinnacle Investments. Please refer to *Item 10* for additional information on these relationships and additional details on soft dollar arrangements.

Pinnacle Investments receives soft dollar benefits through both First Clearing and Schwab. These arrangements are detailed in *Item 4*.

The availability to us of First Clearing and Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. The investment products available through First Clearing and Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

The availability of services from First Clearing and Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business in trading commissions or assets in custody. The fact that we receive these benefits from First Clearing and Schwab is an incentive for us to recommend/require the use of First Clearing or Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our selection/recommendation of either First Clearing as clearing firm or Schwab as custodian and broker is in the best interests of our clients.

Most IARs are charged a platform fee to use the Schwab platform, however, in a few cases IARs may not be charged a platform fee. This creates a conflict of interest in that some of our advisors may have a financial incentive to use Schwab as a custodian. To mitigate this conflict, the Firm reviews all advisory accounts prior to being established to ensure they meet the objectives of our clients.

Pinnacle utilizes First Clearing as one of its primary clearing firms for executing client transactions. As part of this arrangement, advisors who use First Clearing's SmartStation application—a technology platform for managing client accounts and executing trades—may incur a technology fee. This fee structure varies depending on the advisor's employment status within the firm:

- IARs who are employees of Pinnacle Investments do not pay this technology fee, as it is absorbed by the firm.
- IARs who are independent contractors (1099 advisors) are responsible for paying this technology fee out-of-pocket.

This disparity in fee responsibility creates a potential conflict of interest. Independent contractor advisors may have a financial disincentive to utilize First Clearing's services due to the additional cost, which could influence their recommendations on custodians and platforms, even when First Clearing may offer benefits to the client in terms of service, pricing, or account management capabilities. Conversely, employee advisors who do not incur this fee might be more inclined to use First Clearing, regardless of whether it is the most appropriate clearing firm for the client.

This structure could result in some advisors being motivated to select a different clearing firm or custodian, such as Charles Schwab, which does not impose similar fees on independent contractors, or that offers other incentives.

To mitigate this conflict of interest, Pinnacle reviews all advisory accounts before they are opened. During this review, we assess the client's overall objectives, financial situation, risk tolerance, and specific needs to determine the most appropriate clearing firm and investment strategy—regardless of the technology fee or other cost structures borne by the advisor. This review ensures that the selection of First Clearing, Schwab, or any other custodian is based on the client's best interests rather than the financial impact on the advisor.

In addition to the pre-establishment review, we conduct periodic reviews of client accounts to ensure that the custodian and platform choices continue to align with the client's evolving needs. This ongoing monitoring includes evaluating the overall performance, costs, and appropriateness of the selected clearing firm, ensuring that any custodial decisions remain consistent with the client's goals and objectives.

Item 13: Review of Accounts

Review of Accounts

Trades transacted in Pinnacle Investments Advisory accounts are reviewed by a supervisor through a risk-based combination of surveillance tools and reports. Any account absent trade activity will be reviewed by a supervisor at least semi-annually. The entire portfolio, including third party managed accounts, will be reviewed at least annually by both the IAR and supervisor. Advisory accounts may be reviewed more frequently in the event of material market, economic or political events or changes in the client's individual circumstances.

Clients are provided with statements on a monthly or quarterly basis, depending on level of activity. These statements contain a description of any securities positions, money balances, or account activity to each customer whose account had a security position, money balance, or account activity during the period since the last such statement was sent to the customer.

Item 14: Client Referrals and Other Compensation

Pinnacle Investments (or related persons) does not compensate for client referrals nor receive economic benefits, such as sales awards or other prizes, for providing investment advice or other advisory services to our clients.

First Clearing

We receive an economic benefit from First Clearing in the form of the support products and services it makes available to us. You do not pay more for assets maintained at First Clearing as a result of these arrangements. However, we benefit from the arrangements because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by First Clearing, how they benefit us, and the related conflicts of interest are described above under *Item 4 Advisory Services*. The availability to us of First Clearing's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Charles Schwab & Co., Inc.:

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the arrangements because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above under Item 4 Advisory Services. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Cash / Non-Cash Compensation
Pinnacle Investments and its investment adviser representatives ("IARs") may receive both cash and non-cash compensation from third parties in connection with certain investment products or services. This compensation may include, but is not limited to:

- Cash Compensation: Payments from product sponsors, issuers, or other third parties for the sale of specific financial products or services.
- Non-Cash Compensation: Includes benefits such as paid travel, lodging, meals, entertainment, or attendance at training and educational conferences sponsored by product issuers or other third parties.

Conflicts of Interest:

These compensation arrangements create potential conflicts of interest. The receipt of cash or non-cash benefits could influence IARs to recommend certain products, services, or third-party programs that may not be in the best interest of clients but are more financially beneficial to the firm or the IAR. For example:

- IARs may feel incentivized to recommend a product from a provider that offers greater non-cash benefits, such as paid attendance at industry conferences, rather than one that may better align with a client's needs.
- The firm may have a financial interest in promoting specific products due to the receipt of compensation, which could conflict with its duty to provide objective advice.

Mitigation of Conflicts:

To manage these potential conflicts, Pinnacle Investments has established the following policies and procedures:

1. Pre-Approval of Non-Cash Compensation: All non-cash compensation, such as paid conference attendance, must be pre-approved by the firm. This ensures that any such arrangements are in line with the firm's ethical standards and do not unduly influence the recommendations made to clients.
2. Annual IAR Certification: Each IAR is required to certify annually that they have disclosed all forms of cash and non-cash compensation received during the year. This certification process helps ensure transparency and accountability.
3. Ongoing Monitoring and Review: Pinnacle Investments reviews all compensation arrangements periodically to ensure compliance with regulatory requirements and to confirm that any potential conflicts are appropriately disclosed to clients. The firm also assesses whether the recommended products or services remain suitable for clients, regardless of any compensation received.

Item 15: Custody

Pinnacle maintains the full authority from customers with assets held at Wells Fargo Clearing Services ("WFCS") to direct WFCS to pay, transfer, or otherwise act with respect to any security or other assets in customers' accounts and that WFCS may rely fully on Pinnacle representation and warranty without inquiring of customer as to Pinnacle's authority. In addition, Pinnacle has the authority to issue checks from customer accounts and print checks drawn from customer accounts. Due to this, Pinnacle is deemed to have custody of client funds and securities. Pinnacle has established the appropriate policies and procedures relating to compliance with the applicable regulation.

When it is deemed that Pinnacle has custody of client funds and securities, account statements will be sent directly to our clients from our qualified custodian ("custodian"), WFCS or other firms where assets are custodied. They should be carefully reviewed by our clients.

Item 16: Investment Discretion

For discretionary clients, Pinnacle Investments requires that it be provided with written authority through the Firm's investment management agreement.

Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change and/or amend these limitations as required. Such amendments shall be submitted in writing.

Pinnacle Investments has discretionary authority to determine the following:

- Securities to be bought or sold for a client's account
- Number of securities to be bought or sold for a client's account
- Timing of when securities transactions are made.

- Broker or dealer to be used or recommended for a purchase or sale of securities for a client's account
- Commission rates to be paid to a broker or dealer for a client's securities transactions

Item 17: Voting Client Securities

Pinnacle Investments is not, and has not, been authorized by any clients to vote proxies on their behalf and does not vote client proxies on securities.

Item 18: Financial Information

In certain circumstances, registered investment advisers are required to provide clients with material financial information or disclosures about their financial condition. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important to an investment decision, or if it would alter the total mix of available information about the company.

Pinnacle Investments is not required to disclose any financial conditions due to the following:

- Pinnacle Investments does not require or solicit prepayment of more than $1,200 in fees per client six months or more in advance for either discretionary or non-discretionary accounts;
- Pinnacle Investments does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- Pinnacle Investments has never been the subject of a bankruptcy proceeding and it regularly files financial statements with the SEC. These are available through the SEC.