

# Item 1 Cover Page

**SEC Form Part 2A of Form ADV  
Firm Brochure**

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This brochure ("Firm Brochure" or "Brochure") provides information about the qualifications and business practices of Spinnaker Asset Management Inc. If you have any questions about the contents of this Brochure, please contact us at 401-884-3210 or [rkent@spinam.com](mailto:rkent@spinam.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration with the any state securities authority does not imply a certain level of skill or training.

Additional information about Spinnaker Asset Management Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 148489.

## **Item 2 Material Changes**

Since our last annual filing on March 8, 2022, Spinnaker Asset Management Inc. ("Spinnaker" or "Firm") registered as an investment adviser in Massachusetts. Other information in this Brochure may have been amended which may not be specified in this summary, consequently, we encourage you to read this brochure in its entirety.

## Item 3 Table of Contents

### CONTENTS:

Item 1 Cover Page .....	1
Item 2 Material Changes .....	2
Item 3 Table of Contents .....	3
Item 4 Advisory Business .....	4
Item 5 Fees and Compensation .....	8
Item 6 Performance Based Fees and Side by Side Management .....	10
Item 7 Types of Clients .....	10
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9 Disciplinary Information .....	17
Item 10 Other Financial Industry Activities and Affiliations .....	18
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	18
Item 12 Brokerage Practices .....	19
Item 13 Review of Accounts .....	20
Item 14 Client Referrals and Other Compensation .....	21
Item 15 Custody .....	22
Item 16 Investment Discretion .....	22
Item 17 Voting Client Securities .....	22
Item 18 Financial Information .....	23
Item 19 Requirements for State Registered Advisers .....	23

## **Item 4 Advisory Business**

Spinnaker Asset Management Inc. (hereinafter, "Spinnaker") is a state registered investment adviser with its principal place of business located in Warwick, Rhode Island. Spinnaker began conducting business in September 2008. Ronald Webster Kent, Jr. is the President and the firm's principal shareholder.

Spinnaker offers financial planning, consulting, and individual and model portfolio management services to its clients. Services we offer are summarized in the following sections below:

### FINANCIAL PLANNING SERVICES

Spinnaker offers financial planning services to its clients as a single, stand-alone simple or comprehensive plan or as a recurring activity that is reviewed at least annually and updated accordingly. A proposal for a financial plan is developed and the scope of work is determined in cooperation with the client and the advisor of record. An estimate of time, cost, and content of completed plan documents is presented and an agreement is executed with the client.

Clients may elect to have Spinnaker create a financial plan which we can implement for them, or they may simply choose to keep it for their personal use. Once the plan is completed, however, the client owns the plan and all documentation.

Spinnaker offers financial planning for all aspects of our client's lives, including but not limited to, specific goal planning, retirement planning, educational trade-offs, large or significant asset purchases, debt management, insurance coverage optimization, and general budgeting and annual operating expense management.

We utilize the most recent edition of planning software allowing for a myriad of client data as inputs to the program. All financial data including, but not limited to, investment and insurance plans, complicated retirement data, stock purchase plans and options, and many other data points for property, purchase and sales, and business agreements may be incorporated into a simple and readily understandable plan for the client.

The client enjoys a very secure electronic vault for retention of their most important documents, wills, trusts, etc., and for all their financial data and resulting plan documentation. All input data including client investment, banking, and other ownership accounts may be electronically linked to their planning portal and available for their review at any time. The client has control of who is granted access to this information during and after the generation of the financial plan.

### CONSULTING SERVICES

Clients may receive investment advice on a more focused basis. This may include advice on isolated areas of concern such as estate planning, tax optimization, education expense planning, debt management, retirement planning, or any other specific topic that influences their financial lives.

### INDIVIDUAL PORTFOLIO MANAGEMENT

Spinnaker provides advice to clients regarding the investment of client funds based upon the individual needs of the client. Through personal discussions and an evaluation of client tolerance for risk and volatility, investment goals and objectives are determined. We attempt to tailor a portfolio to the personality and needs of the client by including factors specific to the client at the initial interview. Some of the factors that influence a client's near-term goals, and hence his portfolio composition includes current lifestyle, personal balance sheet, current and future tax considerations, degree of indebtedness, age and time horizon to retirement, plans and desires for activity through and beyond retirement, any continuing liabilities or interest/plan for accumulating significant additional assets, liquidity needs, and anticipated lifestyle during retirement.

A client and the advisor of record complete an investment background questionnaire that includes many of the factors listed above plus the evaluation of your tolerance for investment risk and market volatility. Based upon the answers and discussions that center around an individual client's current and future lifestyle, an investment policy is developed.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives as well as tax and other strategic issues identified during the interview process.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry groups or sectors. These restrictions will be reflected in the composition of the individual portfolio, its management, and subsequent strategies. Our investment recommendations are not limited to any specific product or service and may include advice and portfolio components regarding the following securities:

- Exchange-listed securities

- Foreign Issuers

- Corporate Debt Securities

- Commercial Paper

- Certificates of deposit

- Municipal Securities

Corporate Debt Securities  
Commercial Paper  
Certificates of deposit  
Municipal Securities  
Variable Insurance Products  
Mutual fund shares  
United States Government Securities  
Options contracts on securities

Some types of investments involve certain additional degrees of risk and may not be appropriate for all investors.

### MODEL PORTFOLIO MANAGEMENT

Our firm provides portfolio management services to clients using model asset allocation portfolios, consisting primarily, but not exclusively, of exchange traded funds, and utilizing approximately thirty-nine models of differing investment objectives, volatility, and risk profiles. Through personal discussions in which client goals and objectives based upon a client's circumstances are established, and upon a thorough evaluation of a client's tolerance for risk and volatility, we select a model whose volatility and risk-adjusted return is consistent with client investment objectives. A proposal to manage a client's account(s) is generated and an investment policy is developed.

We manage client accounts on a discretionary basis unless otherwise requested. Account supervision is guided by the clients stated objectives, as well as the investment policy and tax considerations as applicable. We attempt to tailor the model portfolios to client investment objectives through a selection of satellite securities that result in a consistent and compatible range of probable investment outcomes and client's tolerance for risk and volatility contained within the portfolio.

The management approach utilizes a core model plus satellite investment options to accomplish a client's goals and objectives. Core models are currently derived from First Trust and WisdomTree exchange traded fund providers, although alternate providers may be evaluated and used in response to a client's preference. Satellite allocations are chosen from a list of recommended investment securities that reflect our choice of valuation, earnings, and debt characteristics dependent upon market fundamental and technical conditions, monetary and fiscal policy influences, and sector and industry group trends that are in force at the time.

Core model allocations approximate seventy percent of a client's individual account balance and satellite investment options represent the remaining thirty percent. Where

core model components are exchange traded funds only, satellite options may be selected from our recommended security list, exchange traded funds, or other marketable securities.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Our investment recommendations are not limited to any specific product or service and may include advice regarding the following securities:

Exchange-listed securities

Foreign Issuers

Corporate Debt Securities

Commercial Paper

Certificates of deposit

Municipal Securities

Variable Insurance Products

Mutual fund shares

United States Government Securities

Options contracts on securities

Some types of investments involve certain additional degrees of risk and may not be appropriate for all investors.

We strive to ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances. Accordingly, we will:

1. request updated financial information of our clients as market conditions change and it becomes appropriate if such changes may adversely affect the achievement of client investment goals and objectives
2. strive to contact each client on generally an annual basis to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions
3. be reasonably available to consult with the client

## AMOUNT OF MANAGED ASSETS

As of December 31, 2022, we were actively managing approximately \$12,400,000 of assets, all on a discretionary basis.

## **Item 5 Fees and Compensation**

Spinnaker charges fees for advisory services as detailed in the sections below. No employees of Spinnaker or supervised persons receive compensation for other products or services offered by Spinnaker as described below. Employees of Spinnaker do not participate in 12b-1 fees. Spinnaker offers insurance products to our clients and receives compensation in the form of commissions from the insurance companies for the sale of such products. Please refer to Item 10 Other Financial Industry Activities and Affiliations.

### INDIVIDUAL AND MODEL PORTFOLIO MANAGEMENT SERVICES

The annualized fees charged for both Individual and Model Portfolio Management Services are a percentage of assets under management. The following is our current fee schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Zero to \$100,000	1.05%
\$100,001 to \$2,000,000	1.00%
Over \$2,000,000	0.95%

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair value in the absence of market value), of the client's account balance at the end of the previous quarter. Fees are debited from the account in accordance with the client authorization in the Discretionary Investment Management Agreement. Clients may choose to have a separate invoice sent to them electronically for services rendered quarterly or annually.

Upon acceptance of a client, fees are debited from their account balance based upon the date that the assets are first registered in their account. If a client's account balance is registered within a quarter, the fee is prorated based upon the number of days remaining in the quarter.

If a client terminates their relationship with Spinnaker with a prepaid balance in the account, any unearned fees, prorated for the remaining days left in the quarter, will be returned to the client. If time is available, these fees will be returned electronically through



a fee reversal within their account. If a client's account is closed before we are able to reversal the fee balance, a check will be sent within a reasonable amount of time.

Limited Negotiability of Advisory Fees: Although Spinnaker has established the Portfolio Management fee schedule shown above, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee is identified in the contract (Discretionary Investment Management Agreement) between the adviser and each client.

We may group certain related client accounts for the purposes of determining and achieving a minimum annualized fee.

### FINANCIAL PLANNING SERVICES

Spinnaker's Financial Planning fee is determined based on the nature of the services being provided, the detail of resulting plan documents, and the complexity of each client's circumstances. Fees are agreed upon prior to executing a contract with any client. Such fees may be calculated for a client specific plan that provides current financial conditions as a baseline for the household or calculated for the current year in a continuing number of years anticipated as part of a long-term relationship with Spinnaker.

Our Financial Planning fees are calculated from an estimate of the time required to produce the plan and charged on a fixed fee basis. Typical plan fees range from \$500 to \$3,000, depending on the specific arrangement with the client and any continuing efforts required to maintain current data. Once the fixed fee is paid, there are no additional ongoing financial planning fees for maintaining the financial plan.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance is due in arrears upon completion of the plan.

### CONSULTING SERVICES

Spinnaker's Consulting Services fee is based on a \$200 per hour rate, with the full fee determined based on the nature of the services being provided and the complexity of each client's circumstances. Fees are agreed upon prior to executing a contract with any client.

### OTHER FEES

**Mutual Fund Fees:** All fees paid to Spinnaker for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. Mutual fund and ETF fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. Accordingly, the client should carefully review both the fees and expenses charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and broker dealers, including, but not limited to, any transaction charges, wire transfer fees, account closure fees, etc. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

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

Spinnaker does not charge performance-based fees or engage in side-by-side management.

## **Item 7 Types of Clients**

Spinnaker provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High Net Worth Individuals

Spinnaker does not require clients to have or maintain a minimum dollar value to be our clients.

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

We manage client accounts utilizing an asset allocation portfolio composed of a core exchange traded fund (ETF) model plus satellite security positions. This differs from our previous method of formulating models through internal research and publicly available data only and uniformly allocating among the individual components of each model.

### METHOD OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and managing client assets:

Fundamental Analysis: The purpose of fundamental analysis is to determine the intrinsic or fair market value of a business by utilizing various measures of that business and using them to evaluate the financial condition of the firm. We attempt to measure the intrinsic value of a business by looking at economic, monetary and value factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) as expressed in financial ratios such as price to sales, price to earnings, cash flow, indebtedness, etc. to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a company's security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Considerations as to the health of the economy, whether it is expanding or in recession, how it affects various sectors of the market, the cost of credit as expressed by interest rates and the condition of the yield curve, all influence the valuation of businesses and, thus, represent a risk in accurately valuing a company's stock or the market in general.

Technical Analysis: Technical analysis is a form of observing price action of the stock of a business entity as it relates to time, news flow, dividend payments, earnings announcements, stock splits or reverse splits, takeover challenges, management changes, and many other influential factors affecting its perceived value. Technical analysis may be interpreted as a method of measuring price action in time from all sources of influence including changes in fundamental factors that form patterns and trends which often repeat among and between security issues.

As an example, observations of positive price trends accompanied by a declining price rate of change may be interpreted as a negative divergence that often leads to a trend reversal from up to down. Another indicator measures relative strength where an individual issue's price trend is ranked against another issue or market index to determine if that stock is leading or lagging the general market or another issue within the same industry. Many indicators are used to determine the persistence of price trends, the strength of leadership, and the degree to which a stock may be over or under priced.

Technical analysis does not directly consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

Asset Allocation: Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities,

fixed income, and cash may change over time due to stock and market movements and, if not rebalanced, may no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis: We look at the experience and track record of the manager of the mutual fund or ETF to determine if that manager has reasonable experience and has demonstrated an ability to invest under varying economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's portfolio. We monitor these funds or ETFs to determine if they are continuing to follow their stated investment strategy and the manager is diligent in responding to drifts from the fund objectives.

A risk of mutual fund and/or ETF analysis is that, as in all security investments, past performance does not guarantee future results and they are subject to market risks. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Certain ETFs held by Spinnaker may be subject to additional investment risk of loss factors. We analyze the ETF using data obtained from a designated third-party rating agency, among other things, to check the credit rating and risk profiles of the holdings. We analyze several economic factors, including but not necessarily limited to, the trade-off between performance and risk; total returns; ETF's track record, market trends, underlying stability and volatility.

Model Portfolio Risk: The use of model portfolios involves assumptions based on the historical performance of various asset classes, industry groups and individual securities. There is no guarantee that certain assets will replicate such performance in the future. In addition, while we believe that the assumptions upon which the asset allocation models are based are reasonable, there is a risk that such assumptions may prove to be incorrect. The use of model portfolios inherently involves diversification of investments. While diversification is designed to spread risk among different securities or asset classes, there is a risk that a diversified portfolio will not achieve as great a return as a portfolio concentrated in a single security or asset class, if that security or asset class outperforms other securities or assets in the portfolio.

Risks For All Forms Of Analysis: Our securities analysis methods, which are obtained from sources that we consider reliable, rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect,

there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategy(s) in managing client accounts, provided that such strategy(s) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long Term purchases: We purchase securities with the idea of holding them in the client's account for a year or longer to realize long-term capital gains and the advantageous tax implications. Typically, we employ this strategy when we believe the securities to be currently undervalued, and/or we want exposure to a particular asset class over time. A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short Term Purchases: When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically six weeks to six months). We do this to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. Short-term purchase strategies possess risks that the anticipated price swing does not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction related costs, if applicable. At present, brokerage and trading expenses that would normally apply to the purchase and sales of individual securities have been eliminated for the foreseeable future. Additional risks are the loss of favorable tax treatment (short-term gains at ordinary income rates) and the potential that brokerage and trading costs could be reinstated once again.

Option Writing: We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts. A call gives the client the right to buy an asset at a certain price within a specific time period. We will buy a call if we have determined that the stock will increase substantially before the option expires. A put gives the client the right to sell an asset at a certain price within a specific time period. We will buy a put if we have determined that the price of the stock will fall before the

option expires and often if we desire to protect an individual stock price during a potential decline.

We may use options to speculate on the possibility of a sharp price swing. We may also use options to "hedge" a purchase of the underlying security. In other words, we may use an option purchase to limit the potential upside and downside of a security we have purchased for a client's portfolio.

Specific strategies may include the use of "covered calls", in which we sell an option on a security the client owns. In this strategy, a fee is received for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed upon price.

As part of our investment strategy, a portion of client assets may be invested in a cash account, such as a money market account due to a variety of reasons, including market timing, market volatility, etc. While invested in these cash accounts, interest is generally relatively small, and the amount of funds invested in cash is still subject to our advisory management fee.

Clients should be aware that the prices of options are highly volatile and depend on the values of the securities, indexes, currencies, or other instruments underlying them. Price movements of options are also influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, there is the risk of a force majeure event. This is the risk that there may be an act of God, terrorist act, global health pandemic, failure of utilities or other similar circumstance not within the reasonable control of the adviser that may have an unknown and potentially catastrophic effect on the global markets.

### RISK OF LOSS

General Risk: Investing in securities involves risk of loss that clients should be prepared to bear. Spinnaker does not represent or guarantee that we can predict future results, successfully identify market tops or bottoms, or insulate client portfolios and investments from losses. The prices of, and the income generated by, equities and other securities held in your portfolio might decline in response to certain events taking place around the world, including those directly involving the issuers whose securities clients own. Conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate and commodity price fluctuations are all risk factors that can affect the valuation of your investments.

Spinnaker cannot offer any guarantees or promises that a client's financial goals and objectives will be met. Past performance is in no way an indication of future performance. The value of a client's investments will be subject to a variety of factors, such as the

liquidity and volatility of the securities markets. Portfolio transactions may give rise to tax liability, for which clients are responsible.

Asset Allocation Risk: This is the risk that a client's portfolio may be allocated to an asset class that underperforms other asset classes. For example, fixed-income securities may underperform equities. Accordingly, asset allocation risk will be influenced by the allocation of a client's portfolio among equities, fixed-income, alternative and money market securities.

Investment and Market Risk: Securities purchased in client account(s) are subject to investment risk, including the possible loss of the entire principal amount invested. A recommendation to invest in securities and other instruments may also involve market risk, which is the risk that the value of these positions, like other investments, may move up or down, sometimes rapidly and unpredictably due to adverse market conditions and not necessarily based on the individual merits of the investment. Investment holdings in your account, at any point in time, may be worth less than the original investment, even after taking into account any reinvestment of dividends.

Interest Rate Risk: Fluctuations in interest rates may cause the value of investments to fluctuate. For example, the value of fixed-income instruments will change inversely with changes in interest rates. As interest rates rise, the market value of fixed-income instruments tends to decrease. Conversely, as interest rates fall, the market value of fixed-income instruments tends to increase. This risk will be greater for long-term securities than for short-term securities.

Counterparty Risk: Certain assets will be exposed to the credit risk of the counterparties when engaging in exchange-traded or off-exchange transactions as such counterparties could fail to deliver or otherwise default on their obligations. There may also be a risk of loss of assets on deposit with or in the custody of a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions, or the bankruptcy of an exchange clearinghouse.

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. When investing in illiquid securities, it may not be possible to sell such securities at the most opportune times or at prices approximating the value at which they were purchased.

#### Investment Specific Risks

Certificate of Deposit Risks: Certificates of deposit generally offer lower interest rates than may be available through higher risk investments. Given this, there is the risk that the interest rate will not keep pace with inflation, thus lowering the purchase power of the funds invested.

Variable Insurance Products: Variable insurance products generally have higher fees, which will reduce the potential insurance payout available. In addition, as variable insurance products can be invested in securities, there is the risk of loss of securities invested in, which will lower the life insurance payout available.

United States Government Securities: These investment products are generally considered secure, however, there is a risk that the U.S. government could suffer a default and not meet its obligations. In addition, as the interest rate for these are generally low, there is the risk that the interest will not keep up with inflation.

Corporate Debt Securities: There are different ratings for corporate debt, the higher the rating, the lower the risk associated with the debt. These securities generally pay a higher interest rate than U.S. government securities, however, they also have a higher risk. Risks include inflation risk, the risk that the company will default on payments, the risk that the company will file for bankruptcy, loss of key personnel, etc.

Commercial Paper: These are short-term unsecured notes. As the notes are unsecured, if there is a default, investors may lose all or a portion of their initial investment.

Municipal Securities: Investing in individual municipal securities generally requires a minimum investment amount that may not be realistic or advisable for investors that are not high net worth individuals. Additional risks involved include the risk that the municipality involved defaults on payments, the municipality may go bankrupt, or the information used to evaluate the investment may be faulty or misleading due to inaccurate information provided by the municipality. There are also different tax issues that come into play with investing in municipal securities. Investors may wish to consult an accountant prior to investing in municipal securities for jurisdictions the investor does not live in.

Foreign Issues: Spinnaker may invest client funds in exchange listed securities of foreign issues. These securities may be more susceptible to stock movement due to actions outside of the U.S., such as war, currency changes, government control of currency and inflation, political changes, etc.

Interest Rate Risk: This is the risk encountered in the relationship between bond prices and interest rates. The price of a bond will change in the opposite direction of movements in prevailing interest rates. For example, as interest rates rise, bond prices will generally fall. If an investor has to sell a bond prior to the maturity date, an increase in interest rates could mean that the bondholder will experience a capital loss (i.e., selling the bond below its original purchase price).

Reinvestment risk: This is the risk that the interest rate at which the interim cash flows can be reinvested will decline and thus reinvestments will receive a lower interest rate. Reinvestment risk is greater for longer holding periods.



Default Risk: This risk is commonly referred to as “credit risk” and is based on the probability that the issuer of the debt obligation may default. Default risk is rated by quality ratings assigned by commercial rating companies.

Call Risk: This is the risk related to call provisions on debt obligations. Clients should be aware of four risks associated with call provisions. 1. The cash flow patterns of callable bonds are not known with certainty. 2. Since the issuer will typically exercise their right to call the bonds when interest rates have dropped, you may be exposed to reinvestment risk. You would have to reinvest the proceeds after the bond is called at relatively lower interest rates. 3. The potential for capital appreciation of a callable bond is reduced relative to that of a non-callable bond because its price may not rise much above the price at which the issuer can call the issue. 4. If the issue is purchased at a premium, you may lose the difference between the purchase price and call price.

Inflation Risk: This risk results from the value of the cash flows being received from fixed income lose purchasing power over the course of time due to the effects of inflation.

Liquidity Risk: This is the risk that an asset cannot be sold at or near its current value. The best indicator to measure an issue’s liquidity is the size of the spread between the bid price and the ask price quoted by a dealer. A wider spread on the asset indicates a greater liquidity risk.

Pandemic Risk: The novel strain of the coronavirus identified in China in late 2019 has globally spread throughout other areas, including North America and Europe (areas in which we invest), and resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact our workforce and operations. The spread of COVID-19 has caused BHA to modify its business practices, including that its personnel frequently work from home and conduct most meetings online. Further, COVID- 19 and authorities’ implementation of mitigation measures have considerably impacted many of the companies in which Spinnaker invests or considers for investment. Continuing measures to mitigate the outbreak could cause a slowdown in the levels of economic activity generally or cause the US or global economies to enter into a recession or depression, which could adversely affect the business, financial condition and operations of Spinnaker as well as the investment returns of clients.

## **Item 9 Disciplinary Information**

Our firm and management personnel have no reportable disciplinary events to disclose. Clients may request information about disciplinary items from the Commonwealth of

Massachusetts at 617-727-3548 or by searching for the firm or our employees on <https://brokercheck.finra.org/>.

## **Item 10 Other Financial Industry Activities and Affiliations**

Spinnaker offers insurance products to our clients and may recommend that clients purchase insurance products as part of a financial plan we create for clients. Spinnaker receives compensation in the form of commissions from the life insurance companies for sales to our clients, which creates a conflict of interest. However, while Spinnaker may recommend insurance products to our clients, clients are not required to purchase those products from Spinnaker.

Spinnaker has an employee that is registered with a broker-dealer, Purshe Kaplan Sterling Investments ("PKSI"). However, the employee's registration with PKSI is limited to providing life and health insurance products. Neither the employee nor Spinnaker receives compensation for any transactions executed through PKSI.

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

Our firm has adopted a Code of Ethics which sets forth our standards of business conduct that all employees must follow. Spinnaker and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Spinnaker Code of Ethics further prohibits the use of material non-public information. While we do not believe that we have any access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

Our Code of Ethics includes policies and procedures for the review of employee personal securities transactions and prior approval of transactions involving a limited offering (e.g., private placement) or an initial public offering. Our Code of Ethics is designed to prevent the personal securities transactions, activities, and interests of our employees to do not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(s) which may also be recommended to a client. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for

an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients typically will receive an average share price and transaction costs are generally shared equally and on a pro-rated basis, if applicable. In the instances where there is a partial fill of an aggregated order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [rkent@spinam.com](mailto:rkent@spinam.com), or by calling us at 401-884-3210.

## **Item 12 Brokerage Practices**

Spinnaker participates in the institutional customer program ("Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Factors which Spinnaker considers in recommending TD Ameritrade or any other broker-dealer include the quality of executions, research, and commission rates, among other factors. In making the determination to recommend or use any broker-dealer, the firm's objective is not necessarily to obtain the lowest possible cost, but to obtain the best qualitative execution under all circumstances. As a result, the commissions and/or transaction fees charged by TD Ameritrade, if applicable, may be higher or lower than those charged by other broker-dealers.

Spinnaker does allow clients to direct brokerage to another broker if they so choose, however, clients who elect to direct brokerage will not be allowed to participate in aggregate or block trades nor will Spinnaker be able to negotiate rates for clients who direct brokerage. As a result, directing brokerage may cost clients more money.

Spinnaker receives some benefits from TD Ameritrade through our participation in the Program. These benefits include the following products and services (provided without cost or at a discount): the ability to view bond offerings (a third party service) and execute trades through the VEOONE platform, including training for platform capabilities and operation; duplicate client statements and confirmations; research related products and tools; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client

order entry and account information; access to mutual funds with no transaction fees, and discounts on compliance, marketing, research, technology, and practice management software products or services provided to Spinnaker by third party vendors.

Some of the products and services made available by TD Ameritrade through the Program may benefit Spinnaker but may not directly benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Spinnaker or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware that our receipt of economic benefits creates a potential conflict of interest and may influence our choice or recommendation of TD Ameritrade for custody and brokerage services. We have an incentive to recommend that clients maintain their accounts at TD Ameritrade in order for us to continue to receive the foregoing products and services also helpful to our clients.

Spinnaker's receipt of Additional Services does not diminish our duty to seek best execution of trades for client accounts.

Spinnaker blocks trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. As noted above, clients who use directed brokerage will not be able to participate in aggregate trades.

## **Item 13 Review of Accounts**

### INDIVIDUAL AND MODEL PORTFOLIO MANAGEMENT SERVICES

Reviews: While the underlying securities within Individual Portfolio Management Services and Model Portfolio Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by supervised persons of Spinnaker.

Reports: In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, Spinnaker typically provides annual reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

### FINANCIAL PLANNING SERVICES

Reviews: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise requested.

Reports: Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise requested and agreed upon.

### CONSULTING SERVICES

Reviews: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise agreed upon. Such reviews will be conducted by the client's adviser of record.

Reports: These client accounts will receive reports as contracted for at the inception of the advisory engagement.

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

Spinnaker receives economic benefits from TD Ameritrade in the form of support products, training, and services that are made available to us and other investment advisers whose clients maintain their accounts at such firms. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12 Brokerage Practices. Spinnaker also receives commissions from the sale of insurance products to our clients. While Spinnaker may recommend insurance products for our clients, they are not required to purchase those products from us.

Spinnaker does not pay for client referrals nor receive client referrals from our brokers or any other parties.

## **Item 15 Custody**

All client assets are maintained by a qualified custodian. On at least a quarterly basis, the custodian will send the client a statement showing all transactions within the account during the reporting period including the management fees paid directly to Spinnaker. Spinnaker will also provide quarterly performance reports and statement of fees charged to each client's account(s) and deposited in their secure client electronic vault. We urge clients to carefully review the statements sent by the custodian, and to compare them to any reports sent by Spinnaker. Clients should contact us directly if they believe that there may be an error in their statement.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority includes the ability to do the following without contacting the client: determine the security to buy or sell; and/or determine the amount and time of the security purchase and sales activity.

Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Spinnaker does accept non-discretionary asset management services if requested and accepted by the client and Spinnaker. For discretionary accounts, Spinnaker must obtain permission (oral or written) prior to the purchase or sale of any security for the client's account and respond to requests to purchase or sell specific securities recommended by the client. This arrangement places the client at a disadvantage over discretionary clients due to the fact all investment transactions require pre-approval that necessarily requires time to obtain when compared with discretionary clients.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business or by using the contact information on the cover page of this brochure.

## **Item 18 Financial Information**

In 2020, due to a loss of income as a result of Covid-19, Spinnaker received a loan under the Payroll Protection Program. While we do not believe that this financial commitment impairs our ability to meet contractual obligations to our clients, however, in the interest of providing full disclosure, we are including this information. The PPP loan Spinnaker received in 2020 has since been forgiven.

Spinnaker has no financial circumstances that would impair our ability to meet our contractual obligations. Spinnaker has not been the subject of a bankruptcy petition at any time during the past ten years.

## **Item 19 Requirements for State Registered Advisers**

The following individuals are the principal executive officers and management persons of Spinnaker Asset Management Inc.:

Ronald W. Kent, Jr.

Information regarding the formal education and business background of Mr. Kent is provided in the Brochure Supplement.

As previously disclosed in Item 6 (Performance Based Fees), Spinnaker Asset Management Inc. does not charge performance-based fees.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted. Our firm and our management personnel have no reportable disciplinary events to disclose. Clients may request information about disciplinary items from the Commonwealth of Massachusetts at 617-727-3548 or by searching for the firm or our employees on <https://brokercheck.finra.org/>.

As previously disclosed in "Other Financial Industry Activities and Affiliations" (Item 10), neither Spinnaker Asset Management Inc. nor our management personnel have a relationship or arrangement with any issuer of securities.