

# **STERLING FUTURES**

## **REGISTERED INVESTMENT ADVISOR**

**S**terling Futures (a California corporation) provides comprehensive wealth management services including financial planning, investment management and counseling. Our mission is to help you integrate your resources and values to achieve peace of mind and fulfillment in life. Our commitment is to free you from time-consuming and energy draining activities related to money. We want money to be a source of satisfaction rather than frustration and to that end the firm offers common sense solutions that will enable you to control, rather than be controlled by your money.

Sterling Futures is an independent financial advisory firm that does not sell investment products so you can rest assured that our advice is objective and there are no undisclosed conflicts of interest. We charge fees either on an hourly basis, or, for portfolio management services, as a percentage of the assets under management.

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# SERVICES

**S**terling Futures offers a wide variety of financial planning services:

## FOUNDATION BUILDING

The Foundation Building process is designed to help you identify your values, goals and priorities and how they relate to money. Foundation Building consists of no more than three meetings at the last of which Sterling Futures will present a detailed agenda and schedule for addressing each of your goals. The professional services you require from Sterling Futures will be agreed upon at this time but typically they may include any of the following types of services:

- ◆ Goal Planning
- ◆ Financial Checkup
- ◆ Portfolio Analysis
- ◆ Estate Planning
- ◆ Cash Flow Organization
- ◆ Retirement Cash Projections
- ◆ Portfolio Analysis
- ◆ Risk Management
- ◆ Financial Coaching
- ◆ Employee Options Analysis

## FINANCIAL PLANNING

A Financial Plan assesses your current financial health by examining your assets, liabilities, income, insurance, taxes, investments and estate plan. The goal of financial planning is to develop a realistic, comprehensive plan to meet your financial goals by addressing financial weaknesses and building on financial strengths. After developing a plan help is provided to implement the plan and monitor its progress.

## FINANCIAL COACHING

Financial Recovery Coaching is a structured process with the goal of helping clients transform their relationship with money. Individuals who would benefit from this service include those who would like to explore their current money behaviors including cash flow management, chronic debting, chronic underearning, compulsive spending, and issues with inherited or sudden wealth. Regardless of where you are on the continuum, coaching can help you identify and achieve your goals. This process will also educate you, bring increased awareness to your current money behaviors, and most importantly, help you create the life you desire. Clients meet one-on-one with a coach.

General Financial Coaching is also available through either weekly, biweekly, or monthly phone sessions. These sessions are designed to offer practical steps toward change and growth with accountability to agreed-upon actions. This service is suitable for individuals with personal financial issues, business goals and family issues involving money. It is also a means of staying on target with any personal goals that have been identified in the Foundation Building process.

## **CASH FLOW ORGANIZATION**

Cash Flow Organization entails helping you implement a system for managing your money and monitoring your adherence to a mutually agreed spending plan.

## **RETIREMENT CASH FLOW PROJECTIONS**

Detailed post-retirement cash flow projections are made taking into account all potential sources of retirement income, company retirement plan options and the best strategies for maximizing assets to be used for retirement needs. This service is suitable for individuals approaching or contemplating retirement and wondering how long their assets will last.

## **PORTFOLIO ANALYSIS AND RECOMMENDATIONS**

This service consists of analysis and recommendations regarding any or all of the following aspects of investing.

- ◆ Existing Investments
- ◆ Portfolio Objectives
- ◆ Asset Allocation
- ◆ Risk Reduction
- ◆ Tax Implications

We also prepare an investment policy statement summarizing your investment objectives and the policies applicable to your portfolio. This service is suitable for individuals who want clarity in their investment goals and desire to evaluate their current portfolio against both standard benchmarks and their own goals.

## **RISK MANAGEMENT ANALYSIS**

A part of any prudent plan for the future is reducing risk to acceptable levels. This service includes a review of all types of insurance coverage to ensure that you have the appropriate level of coverage.

## **ESTATE PLANNING**

Estate planning involves the creation of a plan that addresses both financial assets and personal values in leaving a legacy. Areas covered include:

- ◆ Use of charitable giving
- ◆ Projection of potential estate taxes
- ◆ Tax reduction strategies
- ◆ Preparation of ethical wills
- ◆ Family relationships and needs
- ◆ Methods of inheritance equalization

This service is suitable for anyone wanting to minimize federal estate taxes and pass on their estate and/or values to the next generation.

## **BUSINESS CONTINUATION PLANNING**

The integration of various strategies is used to provide a smooth business transition in coordination with the business owner's retirement and estate plans. Services offered include:

- ◆ Valuation of business
- ◆ Business purchase plans
- ◆ Stock redemption plans
- ◆ Qualified and non-qualified plans
- ◆ Key employee incentives

This service is suitable for business owners wanting to ensure a tax-efficient transition of their business interests at their retirement or as part of their estate plan.

## **EMPLOYEE BENEFITS CONSULTING**

Advice to businesses regarding employee benefit plans. We will:

- ◆ Review current plans for compliance and utility
- ◆ Make recommendations to achieve cost savings, simplify administration, and/or provide increased flexibility

For pension plans we will:

- ◆ Develop investment procedures which comply with regulations
- ◆ Prepare an investment policy statement
- ◆ Conduct objective search and selection of appropriate assets
- ◆ Provide systems for ongoing compliance with the written investment policy statement
- ◆ Conduct employee education seminars

## **PORTFOLIO SUPERVISION**

In addition to the Portfolio Analysis above this service is offered to clients who prefer to leave the day-to-day decisions to us regarding the selection of specific investment vehicles and the timing of purchase and sales. For investors with high marginal income tax rates portfolios are managed to maximize after-tax returns. We specialize in working with individuals possessing employee stock options and large positions of low basis stock. In these complex situations, a number of variables enter into the decision making process, including tax consequences, risk considerations, the client's goals, and knowledge about the company's stock. This service is suitable for anyone who does not feel comfortable managing their own portfolio and making these decisions on their own.

We supervise portfolios using the principle of diversification by allocating portfolio assets among various categories. This provides increased stability of principal. We choose assets for your portfolio based on your needs. Our choices are affected by:

- ◆ Economic conditions
- ◆ Your liquidity needs
- ◆ The proposed investment period
- ◆ The need for diversification
- ◆ The importance of current income
- ◆ Your risk tolerance

- ◆ Your present and anticipated tax situation
- ◆ The investment's historical yield, potential appreciation and marketability

Based on your stated objectives and the investment requirement, strategies are developed to reach those objectives. The focus is on long-term planning. We recommend and manage many type of assets, including mutual fund shares, stocks, bonds (including tax exempt/municipal), and U.S. Government securities. We can advise you about a variety of qualified retirement plans such as IRAs, SEPs, Profit Sharing Plans, Keoghs, TSAs (403b plans) and 401k plans. We also make use of nonqualified tax-deferred plans. The process we use in making investment choices includes looking at markets and industries using both fundamental and cyclical analysis. Our information is gathered from a variety of sources, including research organizations, professional publications, mutual funds and corporate rating agencies, prospectuses and annual reports.

## **CLIENT BROKERAGE ACCOUNTS**

**F**or clients who elect to have us manage their asset portfolio, we present the following guidelines.

Clients electing portfolio supervision services must complete Limited Power of Attorney (LPOA) forms. The LPOA allows the Investment Advisor or Account Manager to give instructions regarding transactions to the brokerage firm(s) where client assets are held, and to take all other actions necessary or incidental to the execution of such instructions.

The LPOA does not give any person connected with this firm the authority to withdraw assets from any of your accounts unless you give explicit written permission. If you engage this firm to perform services other than portfolio supervision, you will not be asked to complete an LPOA form.

### **PAYMENT OF FEES**

The custodian holding your investment assets generally debits our fees directly from the account(s) you have designated for that purpose. Three criteria must be met for the custodian to debit your account(s):

1. You must provide written authorization permitting our fees to be paid directly from your account held by the independent custodian.
2. The custodian must simultaneously send you a statement showing the amount of the fee, the value of your assets on which the fee was based, and the specific manner in which the fee was calculated.
3. The custodian agrees to send you a statement at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to this firm. Sterling Futures does not and will not have custody of clients' funds or securities.

Most client accounts are held at SEI Investments. This information is also clearly stated in the Agreement.

## **PROFESSIONAL STAFF BUSINESS STANDARDS & BACKGROUND**

All associates of Sterling Futures who function in an advisory capacity are required to have obtained their CFP designation and meet the minimum competency requirements in their home state.

### **MALCOLM GREENHILL**

Malcolm has been practicing financial planning in the Bay Area since 1988 and specializes in investment management, retirement, and employee benefits. He is widely quoted in the professional and national media and has been interviewed on both local and national television for his views on personal finance topics.

Malcolm has been married to Rima Greenhill for over 25 years. Rima teaches Russian at Stanford University and they have one daughter, Maya. Malcolm has a wide-range of interests and is an avid reader.

### **Education and Professional Credentials**

- ◆ CFP Certified Financial Planner licensee, CFP Board of Standards
- ◆ CSA Society of Certified Senior Advisors
- ◆ MBA Cranfield School of Management, England
- ◆ A.B.D. Balliol College, Oxford University, England
- ◆ Essex University, Colchester, England

### **Business Background**

- ◆ 04/06 – pres. Sterling Futures, San Francisco, CA  
President
- ◆ 09/02 – pres. Sterling Futures, San Francisco, CA  
Principal
- ◆ 09/02 – pres. Sterling Futures Insurance & Financial Services, San Francisco,  
Licensed Insurance Agent, Principal
- ◆ 01/99 – pres. Sterling Wood Financial, LLC, San Mateo, CA  
Principal
- ◆ 04/99 – 08/02 Sterling Wood Insurance & Financial Services, San Francisco  
Licensed Insurance Agent, Principal
- ◆ 06/94 – 04/99 Sterling Futures Inc., San Francisco, CA  
President
- ◆ 01/97 – 01-98 Golden Gate University  
Adjunct Faculty, Graduate Financial Planning Program
- ◆ 09/98 – 08/94 Secure Futures Inc., San Francisco, CA  
Senior Associate, Registered Representative & Insurance Agent

## **Professional Affiliations**

- ◆ Financial Planning Association (FPA), Atlanta, GA (formerly the ICFP & IAFP)  
Member since 1989
- ◆ Institute of Certified Financial Planners, Denver, CO  
Past President and Chairperson, Member since 1989
- ◆ Estate Planning Council of San Francisco, San Francisco, CA, Member since 1990
- ◆ RIA Registered Investment Advisor, State of California

## **INSIDER TRADING POLICY**

**P**ersonnel of the firm may trade in the same securities traded for clients; however, it is Sterling Futures's policy not to give preference to orders for personnel associated with the firm regarding such trading. All rules and regulations of the Investment Advisors Act of 1940 are strictly enforced. Sterling Futures maintains personal transaction records for all persons associated with the firm, and does not permit insider trading.

Any interest or position in a security held by a Sterling Futures advisor will be disclosed to you if you anticipate involvement in that security, except in the case of open-ended mutual fund shares where purchases or sale of the security cannot affect prices or values. Any change in a position recommended to you, where the advisor also holds a position, will be offered to you before the advisor makes such change in his or her own holdings.

Sterling Futures's policy for all personnel regarding any type of securities transaction for personal accounts, other than open-ended mutual funds, doesn't permit employees to:

1. Purchase a security (and/or related securities) that Sterling Futures has recommended or is actively considering recommending, or plans to purchase for client account(s), until the later of one business day after the recommendation has been communicated or the discretionary purchase made in the client account(s)
2. Sell a security (and/or related securities) that Sterling Futures has recommended or is actively considering recommending sales, or plans to sell for client account(s), until the later of one business day after the recommendation has been communicated or the discretionary sales made in the client account(s).

Sterling Futures and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.

## **FORM ADV PART II**

**I**n accordance with the Investment Advisors Act of 1940 as amended and with regulations of the U.S. Securities and Exchange Commission each consulting or portfolio supervision client is required to receive Form ADV Part II that notes all possible areas of conflict of interest. New clients must receive this document at least 48 hours before entering into a financial advisory contract, or if it is received simultaneously with signing the contract, you have five (5) business days in which to terminate the contract without penalty. Existing clients must be offered delivery of this document whenever it is amended, or at least annually.

# FEE SCHEDULE

## Initial Consultation

The first consultation is without charge, for the purpose of evaluating whether there is a need for specific services, and whether our firm can best meet your needs. If there is a fit, any of the following agreements may be entered into with Sterling Futures.

## Hourly Consulting Agreement

A wide variety of financial services are offered on an hourly basis. The following list describes the financial services most commonly requested:

- ◆ Financial Checkups
- ◆ Cash Flow Planning
- ◆ Financial Coaching
- ◆ Retirement Planning
- ◆ Business Continuation Planning
- ◆ Portfolio Analysis & Recommendations
- ◆ Employee Benefits Consulting

Hourly consulting services are at a rate of \$300/hour. We will provide an estimate of the total fee in our agreement letter. An advance payment representing one third of the total estimated fee will be due upon signing the engagement letter. If we are unable to complete your project for the agreed-upon amount, we will notify you before proceeding further.

Clients may terminate their engagement with Sterling Futures before completion of the project by providing written notice. In the event the engagement is terminated client will be invoiced for services already rendered.

## Portfolio Supervision Agreement

Sterling Futures also offers portfolio supervision services consisting of development and administration of a portfolio strategy based on your needs, goals, and preferences. We will select from a variety of possible structures and asset managers to provide you with a program tailored for your situation. We can structure an investment portfolio of either mutual funds or directly held stocks and bonds, depending on your circumstances. We also provide management of portfolios requiring flexible disbursements. Portfolios are monitored monthly and reports are provided on a quarterly basis.

The annual fee is a scaled rate based on the value of the assets you have placed under our supervision:

|                            |       |
|----------------------------|-------|
| Less than \$1,000,000      | 1.10% |
| \$1,000,001 to \$2,000,000 | .90%  |
| \$2,000,001 to \$3,000,000 | .75%  |
| \$3,000,001 or more        | .50%  |

*Maximum fee not to exceed \$40,000*

An additional .4% (four-tenths of one percent) is charged for portfolios with less than \$150,000. An additional .1% (one-tenth of one percent) is charged for portfolios with more than 3 accounts, or special handling needs. Clients with over \$3,000,000 under management with this office will automatically have access to all other services at no extra charge. The fee may be negotiated if your requirements vary significantly from normal.

Portfolio Supervision fees are billed quarterly, in arrears. Fees are deducted directly from the investment account(s) being managed, after you receive notification on your monthly statement at the end of the calendar year. Upon 30 days written notice, this office may change the fee schedule.

### Conditions for Providing Service

- ◆ \$900 minimum for hourly consulting
- ◆ Minimum account size for portfolio supervision is \$500,000

Although Sterling Futures believes its fees are competitive, lower fees for comparable services may be available from other sources.

## **STERLING FUTURES INSURANCE & FINANCIAL SERVICES**

**C**lients who desire to purchase insurance may do so through Sterling Futures Insurance & Financial Services, an associated company. Malcolm Greenhill, principal of Sterling Futures Insurance and Financial Services, is a licensed life and disability insurance agent (California license #0740847) and may receive commissions from such sales.

OFFICES IN SAN FRANCISCO • SAN MATEO • SANTA CLARA

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