

## Part 2A of Form ADV: Firm Brochure

### Item 1: Cover Page



1600 Valley River Drive, Suite 370, Eugene, Oregon 97401-2129

Phone: (541) 686-6164

[www.ConsultCascadia.com](http://www.ConsultCascadia.com)

August 27, 2014

This brochure is a disclosure statement that Cascadia Investment Consultants (“Cascadia”) must provide to clients and prospective clients. Please review this document carefully. If you have any questions about the contents of this brochure, please contact us at (541) 686-6164.

This brochure includes information about Cascadia’s business practices and compensation; about the education, qualifications, and business background of the management persons and others who provide investment advice or have access to confidential client information; and about potential conflicts of interest that could affect Cascadia’s fairness and impartiality in dealing with clients.

The oral and written communications of an advisor, including this brochure, provide you with information to use in your determination to hire or retain an advisor.

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. Cascadia is a Registered Investment Advisor licensed with the State of Oregon. Licensing of Registered Investment Advisors by the State of Oregon does not constitute, imply, or indicate endorsement of any advisor by the State of Oregon. Furthermore, registration of an investment advisor does not imply a certain level of skill or training.

Additional information about Cascadia Investment Consultants is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or by contacting us directly.

## Item 2: Material Changes

In this section we discuss any material changes in Cascadia's business since our last annual update of this brochure. We want you to be aware of any changes since then that may be important to you and that might affect your relationship with us. Our previous brochure (Part 2A of Form ADV: Firm Brochure) was dated and filed with the Investment Adviser Registration Depository on March 27, 2013.

In 2010 the SEC published amendments "that will substantially improve the quality of disclosure advisers provide to their clients. These changes require that advisers provide new and prospective clients with narrative 'brochures' organized in a consistent, uniform manner that include plain English disclosures of the adviser's business practices, fees, conflicts of interest, and disciplinary information."<sup>1</sup>

The State of Oregon also adopted brochure guidelines that generally conform to SEC regulations. The brochure that you are now reading is the result of these SEC and state actions. We urge you to review this brochure carefully and contact us if you have questions, comments, or concerns.

Form ADV is used by investment advisors to register with the Securities and Exchange Commission or with one or more state securities authorities. Cascadia is registered with the State of Oregon.

We will continue to offer you a revised brochure as necessary due to material changes or new information. We will also provide you with a brochure when you request one, and without charge.

To request a brochure, contact Wayne Lottinville, Chief Investment Officer, at 541-686-6164. Additional information about Cascadia is also available through the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). This web site also provides information about persons affiliated with Cascadia who are required to be registered as investment advisor representatives of Cascadia.

**Changes to This Brochure.** Cascadia is required to update this Brochure annually and promptly otherwise if there are material changes (that is, changes that might affect your relationship with us) . This is an other-than-annual update to reflect the addition to Cascadia's staff of Evan Arkin as an Investment Advisor Representative. Please refer to Item 19 for information about his experience, education, and business background.

In addition, we have included a new website name for Cascadia. Otherwise, only minor changes were made in this revision of our brochure.

---

<sup>1</sup> *Amendments to Form ADV: A Small Entity Compliance Guide* (Modified: 01/04/2011), Securities and Exchange Commission [<http://www.sec.gov/rules/final/2010/ia-3060-secg.htm>]

### **Item 3: Table of Contents**

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

#### **Item 4: Advisory Business**

Cascadia Investment Consultants began business operations on January 1, 2003. The founder, principal owner, and Chief Investment Officer of Cascadia is Wayne Michael Lottinville, CFA. There are no other owners. In the U.S., Cascadia's clients reside in Oregon, Colorado, Missouri, New Mexico, and the greater Washington, D.C. area.

Cascadia's primary business is discretionary investment advisory and management on a fee-only basis. "Discretionary" means that clients authorize us to buy and sell securities in their investment portfolios on their behalf, that Cascadia has the authority to decide which securities to purchase and sell for the client. (Also refer to Item 16: Investment Discretion.) However, we do not take possession of client investment assets. Instead, they are held at third-party custodians. (Also refer to Item 15: Custody.) As of December 31, 2013, the amount of client assets Cascadia managed on a discretionary basis exceeded \$14 million. Cascadia does not manage assets on a non-discretionary basis.

Secondarily Cascadia provides financial and investment planning for our ongoing clients as needed, and occasional financial and investment planning services for clients who do not immediately desire ongoing investment advice and management. These latter clients compensate Cascadia on an hourly or flat-fee basis. If they eventually become ongoing clients, financial planning fees may be included in their management fees.

Cascadia's services are offered on a fee-only basis. This means that we do not sell "products" or "solutions" for commissions or for any other type of third-party compensation. Instead of working for a brokerage firm or an insurance company, for example, we work directly for our clients and on their behalf. As compensation for our ongoing services, clients pay a management fee directly to us that is based on a percentage of assets under management. These fees are specified in a written agreement with each client (refer to Item 5: Fees and Compensation). Unlike many commission-based brokers, financial planners, or investment managers who bear no legal or ethical requirement to attend to the best interest of their customers, *Cascadia has both a legal and ethical fiduciary duty to serve our clients' interests and to put the interests of our clients ahead of our own.* (Also refer to the Code of Ethics section in Item 11.)

Cascadia does not specialize in any particular type of advisory services other than ethical and attentive investment planning and management on a modestly priced fee-only basis. The investment advice we offer is not limited to any particular types of investments. However, our investment vehicles of choice tend to be traditional mutual funds, exchange-traded funds (ETFs), and certificates of deposit (CDs). Where practical, we invest client assets in no-load mutual funds and other low-cost investment vehicles because we believe that keeping costs low enhances potential relative returns. We also manage individual stocks, bonds, annuities, and other securities that clients may bring to us from prior accounts.

Working in close collaboration, we create an individualized written Investment Plan that is expected to meet the financial goals and objectives of each client. These plans may address financial constraints or tax considerations. We encourage clients to avoid more anticipated investment risk than considered necessary to meet their goals and objectives, and we may inform a client where appropriate that his return or risk expectations are unrealistic. Once we and the client agree, Cascadia implements the Investment Plan. Based on the plan and our own assessment of the relative merits and valuations of various investment possibilities, Cascadia may deploy assets into stocks, bonds, cash, and other asset

classes. Other than the broad and general specifications of the Investment Plan, clients do not impose restrictions on investing in certain securities or types of securities.

Cascadia encourages our clients to learn as much as they choose about investing and about how we manage their portfolios. We particularly emphasize that investing in risky assets such as stocks may increase expected return, but may also result in a high degree of volatility and possibly a significant loss in the value of an investor's portfolio.

(Also refer to Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.)

## **Item 5: Fees and Compensation**

According to the SEC: "an adviser that accepts compensation from the sale to a client of securities has an incentive to base investment recommendations on the amount of compensation it will receive, rather than on the client's best interests, and thus involves a significant conflict of interest . . ."<sup>2</sup> As a fee-only Registered Investment Advisor, Cascadia strives to eliminate that conflict of interest described by the SEC. This means that we receive no commissions or other compensation contingent on a client's purchase or sale of a financial product. Instead, clients pay us directly to work in their best interests.

Each client's written agreement with Cascadia specifies fees and terms. Clients pay Cascadia a quarterly management fee in arrears. These fees are based on the market value of the client's combined managed accounts at the end of each calendar quarter. Fees are adjusted to account for the timing of cash flows such as withdrawals or deposits.

The maximum annual fee is 0.90 percent (0.225 percent quarterly) of the first \$500,000, then 0.75 percent (0.1875 percent quarterly) of the next \$500,000 of the client's combined managed assets. Fees on balances in excess of \$1 million are negotiable.

<b>On This Amount</b>	<b>The Quarterly Fee Is</b>	<b>Or An Annual Fee Of</b>
Up to \$500,000	0.225 percent	0.90 percent
\$500,000 to \$1 million	0.1875 percent	0.75 percent
Over \$1 million	Negotiable	Negotiable

In limited cases, fees may be negotiated, fixed, or on retainer. Fees are deducted directly from the client's accounts upon separate written authorization, or clients may request to be billed directly. The fee schedule and account size may vary with regard to accounts of record prior to January 1, 2005.

Also, clients will likely incur ancillary costs associated with actively managed investing. These are in addition to Cascadia's management fee, and we do not receive any portion of these ancillary expenses. Ancillary fees could include brokerage transaction commissions, custodian-related fees, mutual fund

---

<sup>2</sup> *Amendments to Form ADV*, Investment Advisers Act Release No. 3060 (July 28, 2010), Securities and Exchange Commission [<http://www.sec.gov/rules/final/2010/ia-3060.pdf>]

expenses, sales charges, surrender penalties, or other miscellaneous fees. Most of these fees are described at the custodian's website or in the mutual fund prospectus.

In Item 12: Brokerage Practices, we further describe factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

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

Cascadia neither charges nor accepts performance-based fees.

## **Item 7: Types of Clients**

Cascadia provides investment advisory and management services to individuals, high-net-worth individuals, and private trusts and estates. To Cascadia, a "client" may include several members of an extended family. Thus an extended family "client" could include grandparents, parents, children, grandchildren, and marriage or domestic partners. With limited exceptions, Cascadia requires an individual client or extended family client to place under our ongoing investment management a combined minimum of \$250,000 in assets.

Those who lack the minimum for ongoing investment advisory and management services or who wish to engage us for financial planning or consulting may request to contract with Cascadia on an hourly or fixed-fee basis.

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

**Methods of Analysis.** Cascadia possesses neither a crystal ball nor any extraordinary ability to predict the future returns of an investment, asset allocation, or plan. To begin our analyses, we look to historical performance. This provides us with a general idea about the range of returns and risk, or volatility, that may be possible for a specific investment or asset class over various periods of time.

The past, however, is only a rough guide. It provides no guarantee of future returns. Thus we also weigh the merits of particular investments or asset classes based on various valuation metrics, both comparative and internal. For example, we may judge that U.S. small-company stocks are selling at an historically high price compared to recent earnings (P/E ratio) and are expensive relative to other asset classes or to their own historic P/E record. On the other hand, there are sometimes reasonable explanations for a high P/E ratio that could cause us to determine that the asset is not particularly expensive compared to its potential or expected returns—its projected P/E ratio.

We also follow worldwide economic and financial developments, along with trends, forecasts, or other factors that may impact or alter our judgment about the investment potential of a particular geographic region, industry sector, or asset class. Our sources of information include general economic, financial, industry, and news publications, either in print or available on the internet. We also value the viewpoints

of particular leaders inside and outside of the investment community whom we consider ethical, humble, and knowledgeable about their areas of expertise, and we weigh their opinions, guidance, and research materials when formulating our investment decisions.

In the final analysis, there are no hard and fast rules on defining our expectations for any particular investment or asset class. Both the meaning and merit of our various analyses are constantly, necessarily, and prudently in flux. In the end, our recommendations are based on our professional judgment and experience. The primary risk associated with Cascadia's methods of analysis is that our estimates and expectations might be incorrect. To somewhat mitigate this risk, we also employ the following investment strategies.

**Investment Strategies.** The general investment strategies deployed by Cascadia include:

- **Diversification.** An oft-repeated form of diversification is to not put all of one's eggs in the same basket. Similarly, Cascadia seeks to diversify client investment allocations across a range of asset classes. Diversification theoretically (and often in practice) mitigates the combined volatility (or risk) of investment portfolio returns. For example, the prospect of a continuing economic downturn may cause a selloff in the stock market and a corresponding rush to invest in bonds, which are generally considered safer than stocks during periods of economic uncertainty. Therefore, if bond prices rise when stock prices fall, adding bonds to a stock portfolio may help mitigate the negative effect on returns caused by falling stock prices.

Cascadia deploys investments across a spectrum of asset classes that include U.S. and international stocks, U.S. and international bonds, real estate investment trusts (REITs), commodities-related securities, and cash-equivalent securities. Then we prefer to further diversify within asset classes, mainly through mutual funds, including ETFs. Occasionally we add closed-end mutual funds for client accounts. Mutual funds usually own a broad and diversified collection of stocks, bonds, or other assets tailored to the mandates and focus of the particular fund.

Diversification has its risks, however. History has demonstrated a high probability that diversification will fail to mitigate volatility both for significant periods of time and during periods when investors might most appreciate its volatility-dampening effects. During the recession and severe market downturn of 2008, for example, nearly every asset class, including bonds (but with the notable exception of U.S. Treasuries), suffered significant losses. Taking a historical perspective, then, diversification tends to work better in markets not beset by calamitous economic, natural, or political events.

- **Top-down perspective.** To be a successful investor, we believe it is more important and more efficient to be guided from the top down by the big picture rather than from the bottom up by factors impacting a specific company or security-issuing entity. For example, it's more important and more efficient to make a determination to overweight or underweight U.S. stocks than to make a bottom-up decision about the merits of investing in either Ford or General Motors. We also believe that our top-down approach offers better opportunities for effective and beneficial diversification.

The principal risk associated with our top-down view is that a good stock picker or industry specialist may have the potential, at least, to achieve higher returns. On the other hand, they might also bear a higher risk of underperformance. We don't deny that good stock pickers can be good investors, but we do judge stock picking to be less efficient and less reliable than our approach.

- **Low costs.** Academic research, logic, and experience, strongly suggest that investment costs detract from investment returns. One typical finding is that about 70 percent of fund managers underperform their benchmark or index, and on average, that underperformance appears attributable to and comparable to the higher costs incurred by managed funds.

Therefore Cascadia works hard to keep costs low. Our management fees, for example, are generally lower than the averages posted by industry trade groups. We trade infrequently to keep broker-associated costs low, and we generally emphasizes low-cost investments vehicles and custodians. We frequently purchase low-cost index funds for client portfolios, or where appropriate, low-cost managed funds. We also keep an eye on the tax effects of our transactions, and while tax implications should not dictate investment policy, they may inform overall client return strategies.

Beyond the significant risks associated with investing in general, we find few, if any, risks specifically attributable to low costs. On the contrary, research and data generally support the logical observation that costs more often than not detract from investment returns—and from client wealth.

- **Ethical and reliable fund companies.** Although Cascadia monitors and evaluates individual stocks and bonds remaining in client portfolios, we believe the best use of our time and analytical capabilities for clients is in researching, formulating, and executing our top-down approach to investing. In executing our strategy, we look to low-cost but highly ethical and reliable mutual fund companies. These are providers that have a demonstrated history of adhering to ethical standards and legal compliance, disclosure of investments and practices, reliable performance, and industry leadership.

The principal risk with this approach to fund companies may be that other mutual funds might outperform the funds and/or fund families we select. In fact, over any given short-term period, such instances of outperformance will certainly be readily evident, as many funds will take on a high level of risk in an attempt to outperform, and a few will succeed. We find, however, that over the longer term, the funds and fund families we use in client accounts have good records of combined consistency and performance, and we expect that to continue.

**Risk of Loss.** Related to or in addition to any specific or potential risks already mentioned, clients or potential clients should be fully aware that investing, by its very nature, is inherently fraught with various types of risk. While relatively high investment returns are possible—and perhaps even likely—the higher the desired or expected return sought, the greater the potential risk for loss.



Any asset or asset class, even those considered relatively safe, can exhibit a high degree of volatility over uncertain periods of time. All investments, including money market funds, certificates of deposit, and bank savings accounts carry some level of risk.

The value of stocks, bonds, stock or bond mutual funds, ETFs, real estate, commodities, or most other securities will fluctuate, and investors will gain or lose money over short or long periods of time. Particular investments may be subject to additional risks. For example, mutual funds or ETFs that are sector-specific, based on small- or mid-capitalization stock indexes, or otherwise focus on narrow segments of the market are likely to be more volatile than broadly diversified funds. International investments carry country and currency risks that will increase their volatility relative to domestic funds. Bonds and bond funds are subject to interest rate, income, credit, and index-sampling risks.

Closed-end mutual funds may bear additional risks beyond a traditional mutual fund. This is because some closed-end funds employ leverage to potentially enhance returns. In unfavorable market conditions, however, leverage may also amplify losses. Another risk for both ETFs and closed-end funds is that a fund may trade at a price premium or price discount to the underlying net asset value of the combined securities held by the fund. This disparity could have either a negative or positive effect on returns. Wide premiums or discounts are generally more evident in thinly traded funds and more evident in closed-end funds than in ETFs.

No asset or asset class is immune from risk or loss of value. Investment recommendations are based on our professional judgment. Cascadia Investment Consultants cannot guarantee the results of any investment plan or recommendations made. Understand and be prepared to bear the risk of loss prior to investing or implementing any investment plan. Refer to the prospectus that accompanies an investment for a more extensive description of its associated risks.

(By the way, Cascadia has rarely, if ever, used short sales, margin, or options, but we would employ these methods if they conformed to the specific investment style and desires of a client and if we believed that we would serve the client's interests by doing so.)

## **Item 9: Disciplinary Information**

As a Registered Investment Advisor, Cascadia Investment Consultants is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or to the integrity of our investment management. Cascadia strives to maintain the highest level of integrity in its dealings with clients and has no disciplinary disclosures or related information applicable to this item.

The SEC has "determined not to require disclosure of arbitration awards in the client brochure."<sup>3</sup> Nevertheless, we would like to disclose that neither Cascadia nor any Investment Advisor Representative affiliated with Cascadia has ever been involved in arbitration proceedings or settlements, nor in any court proceedings related to our business or business practices.

---

<sup>3</sup> *Amendments to Form ADV*, Investment Advisers Act Release No. 3060 (July 28, 2010), Securities and Exchange Commission [<http://www.sec.gov/rules/final/2010/ia-3060.pdf>]

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

The principal business of Cascadia Investment Consultants is to provide investment advisory and management services. We have no other financial industry activities, affiliations, or similar potential conflicts of interest that are material to our business or our clients.

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

**Code of Ethics.** The Chief Investment Officer of Cascadia is a Chartered Financial Analyst® (CFA®) Charterholder and a member of the CFA Institute. The institute’s mission is to serve its members and investors as a global leader in educating and examining investment managers and analysts and in sustaining high standards of professional conduct.

As part of its commitment to integrity, ethics, and independence in the investment industry, members and those they supervise are required to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct. Among other things, the Code and Standards guide members in their dealings with clients, prospective clients, and the investing public, and they provide guidance to fair and ethical business practices. The Code and Standards, enforced through an active professional conduct program, require CFA Charterholders to:

- Place their clients’ interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

For example, members are required to “understand and comply with all applicable laws, rules, and regulations”; to “not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another’s independence and objectivity”; to “keep information about current, former, and prospective clients confidential” unless the client consents to the release of information or it is required by law; and to “act for the benefit of their clients and place their clients’ interests before their employer’s or their own interests.”<sup>4</sup> Each year CFAI requires members to reaffirm their commitment to the Code and Standards and to disclose to CFAI any professional-related litigation or arbitration, customer complaints, or disciplinary proceedings.

CFAI’s Code and Standards are often considered the investment industry’s “gold standard.” Cascadia is proud of its association with CFAI and of CFAI’s strong emphasis on ethical practice and fair dealing. A complete copy of the Code and Standards is available online at [www.CFAInstitute.org](http://www.CFAInstitute.org), or Cascadia will gladly provide a copy to any client or prospective client upon request. (For more on the CFA credential, refer to the Item 19: Requirements for State-Registered Advisers.)

---

<sup>4</sup> CFA Institute *Code of Ethics and Standards of Professional Conduct* (2010), CFA Institute

**Participation or Interest in Client Transactions.** In the course of our business, clients authorize Cascadia to buy and sell securities for their accounts. However, we do not buy securities directly from, or sell securities directly to, our advisory clients. We do not cross-trade between clients. We also do not act as general partner in a partnership in which we solicit client investments. And we do not act as an investment adviser to another investment company that we recommend to clients. Cascadia does not buy or sell securities in client accounts where we or a related person has a material financial interest.

**Personal Trading.** Cascadia or a related person may invest in the same securities that are bought or sold for clients, or in related securities (such as options or other derivatives).

This presents the potential for conflicts of interest: Cascadia or a related person could possibly time a trade in the same or similar security so as to gain a cost advantage at a client's expense. In the unlikely event that such a potential conflict of interest should arise in the course of business at Cascadia, we have implemented internal controls to address it. Cascadia or a related person is not permitted to trade in certain types of securities starting two trading days before and ending one trading day after we trade the same or related security in a client's account.

Moreover, Cascadia's management is required to comply with its previously described Code of Ethics, which states that: "Investment transactions for clients . . . must have priority over investment transactions in which a Member . . . is the beneficial owner."<sup>5</sup>

There is one class of security that is exempt from our trading restriction: traditional mutual funds that trade once a day and at the fund's market closing price. On any given day, all trades in this type of mutual fund are executed at the same price. Therefore, Cascadia or a related person is unable to gain a price advantage at the expense of a client. This type of mutual fund may be traded without restriction.

## **Item 12: Brokerage Practices**

Cascadia is a Registered Investment Advisor, not a securities broker or broker-dealer. We help clients open accounts at third-party brokers. A client's managed assets are custodied there, and clients authorize us to transact in these accounts on their behalf. Cascadia routes all trade orders through the custodial brokers where clients maintain their accounts.

Selecting or recommending a custodian involves the simultaneous consideration of several important factors:

- **The reasonableness of broker commissions and ancillary custodian-related fees.** Commissions do not need to be the lowest in the industry, but for the custodians we recommend, fees are competitive and reasonable in relation to the securities offerings, services, and assistance provided. Custodial commissions and fees charged to clients are standard and customary and are rarely negotiated.
- **Execution and trading practices.** The custodians we recommend offer sufficient access to the markets to obtain fast and fair trade executions for our clients. They pursue high quality order

---

<sup>5</sup> CFA Institute Code of Ethics and Standards of Professional Conduct (2010), CFA Institute

execution and best price through various market centers, in some cases obtaining price improvement (that is, a better price than requested or expected).

Cascadia works on an individual basis from Investment Plans designed to meet the needs of each client. As a result, we rarely aggregate trades in the same security for two or more accounts. Because of this, it is possible that a trade order for one client might execute and then a later, but identically priced order in the same security for another client may not execute. However, portfolio allocations are reviewed individually and trade orders are placed randomly. We do not place orders based on any priority or favoritism for any client or group of clients. We believe our client-centered individualized approach offers far more value to our clients than laboriously attempting to insure against the very rare possibility that a trade for one of our clients might execute while an identically priced order in the same security for another client does not.

- **The depth and breadth of securities offerings.** In particular, the custodians we recommend offer access to the mutual fund and ETF families we prefer, and access to a sufficiently broad selection of competitively priced certificates of deposit. In addition, custodians should be able to handle and transact in stocks, bonds, and typical securities that clients may transfer from other accounts.
- **The types of accounts that may be opened.** Our preferred custodians offer individual, joint, trust, and IRA accounts. They also offer checking privileges and the designation of beneficiaries in IRA and transfer-on-death accounts.
- **Customer service.** Our preferred custodians have established and reliable operations and customer service teams to provide the expertise to assist as required in an efficient and responsible manner. We expect custodians to develop a history of providing satisfying customer service and support.

Neither Cascadia nor a related party receives any consideration in exchange for broker or custodian selections or recommendations. In particular, we do not receive “soft dollar” benefits or engage in “directed brokerage” in exchange for benefits for ourselves or a related party. Instead, the factors mentioned above help us determine whether a particular custodian will meet the needs and serve the interests of our clients.

The custodians we select or recommend may receive payment or other compensation for order flow, or for routing orders to a particular exchange or market maker, subject to most favorable execution of client transactions. Nevertheless, these brokers remain obligated to seek the best execution that is reasonably available under current market conditions. Based on our research, we have not found, nor do not believe, that payment for order flow or other compensation arrangements employed by them compromise prices or trade executions for our clients.

### **Item 13: Review of Accounts**

Cascadia invites clients at least annually to undergo a formal review and update of their Investment Plans and accounts. Cascadia may also conduct Investment Plan and account reviews in response to changing client circumstances, unusual or unusually volatile economic or market events, client requests,

or for other reasons. Reviews may include updates of the client's personal data, goals and objectives, risk tolerance, asset allocation, tax liability, beneficiary designations, and/or other data.

However, clients are not required to undergo a review. For clients who choose not to accept our invitation to an annual or other review, Cascadia continues to be guided by and to implement the client's most recently accepted Investment Plan.

The Chief Investment Officer of Cascadia is responsible for all reviews.

Cascadia also issues written Quarterly Reports to clients about their managed accounts. These reports may include a general review of asset-class performance over the reporting period; a pie chart of the client's asset allocation; a list of the client's managed and, when available, estimated nonmanaged assets; the client's managed portfolio performance report; and the client's management fee report.

Each quarter every client should also receive, or have electronic computer access to, transaction confirmations and brokerage reports from third-party custodians that independently hold client assets managed by Cascadia. Refer to Item 15: Custody.

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

Cascadia does not directly or indirectly compensate any unsupervised person or organization for client referrals. However, a supervised employee of Cascadia may receive compensation, in addition to the employee's normal salary, for referring prospective investment advisory clients to free initial consultations with Cascadia. The employee is compensated on a per capita referral basis without regard to present or future fee or commission income from any customer of the investment advisor. Any such referral fee is paid solely from Cascadia's resources, and therefore does not result in any additional charge or fee to the client or prospective client.

Because the referral fee is rewarded to an employee regardless of whether a prospective client subsequently becomes a Cascadia client, we believe that any actual or potential conflicts of interest are insignificant or nonexistent.

#### **Item 15: Custody**

Clients authorize Cascadia to deduct management fees directly from client accounts. Due to this fee deduction authority, Cascadia is an advisor "with limited custody." A 2009 SEC publication stated that: "The principal risk associated with this limited form of custody is that a fee will be deducted to which the adviser is not entitled under the advisory contract."<sup>6</sup>

Cascadia takes steps to prevent this from happening. We use a computerized portfolio management system that calculates fees based on the contracted rate schedule and method. We compare the change in quarterly fees from one quarter to the next with the change in value of a client's assets under

---

<sup>6</sup> *Custody of Funds or Securities of Clients by Investment Advisers*, Investment Advisers Act Release No. 2968 (Dec. 30, 2009), Securities and Exchange Commission [<http://www.sec.gov/rules/final/2009/ia-2968.pdf>]

management during the same period. Occasionally we conduct a manual test of a computerized fee calculation to determine its accuracy. We include a management fee report in quarterly reports we send to clients. We believe that these measures are reasonable to ensure that clients are billed accurately in accordance with the terms of their contracts.

In addition, clients are able to monitor the amount of advisory fees deducted by reviewing the account statements sent directly to them by the client's third-party broker-dealers, banks, or other custodians that hold their investment assets. Custodians generally send statements to clients at least quarterly. These statements specify the funds and the amount and value of each security in the account at the end of the relevant period and list all transactions in the account during the period. If you are a client, we urge you to carefully review and compare these custodial account statements to the Quarterly Reports that we provide. Comparing statements will allow you to determine whether account transactions, including deductions to pay advisory fees, are proper.

The list of assets provided in Cascadia's quarterly reports (see Item 13: Review of Accounts) generally correspond closely to the data in statements provided by third-party custodians, but clients might occasionally find a difference due to variations in accounting procedures, reporting dates, or valuation methodologies for certain securities.

Other than the above described "limited custody," Cascadia does not custody client assets and does not have authority to obtain possession of them.

#### **Item 16: Investment Discretion**

When providing ongoing investment management and advisory services, clients provide written authorization (power of attorney) giving Cascadia "the discretionary power and authority to supervise and direct the investments in the client's account(s) described in a separate Investment Plan." A second agreement with the custodian also authorizes the advisor to manage a client's accounts, typically "in the same manner and with the same force and effect as [the client] might or could do."

These authorizations give Cascadia the power and ability to buy and sell securities, mutual funds, or other investments or investment instruments, and to perform any other transaction for the client's accounts.

Clients do not impose limitations on our discretionary authority to manage securities accounts on their behalf. Occasionally a client may request that we invest their assets in a "socially responsible" or similar manner where possible, but Cascadia retains the discretionary authority regarding this election.

Notwithstanding our discretionary authority, Cascadia is in regular contact with clients and works in collaboration with them. We may occasionally confer with a client prior to executing a particular transaction if we have reason to suspect that the client might prefer or appreciate such a consultation.

## **Item 17: Voting Client Securities**

Cascadia requests authority to vote proxies or other matters related to client securities. When voting authority is given to Cascadia and when notified by the issuer of a matter requiring a vote or consent, Cascadia exercises these rights pertaining to securities held in client accounts. Cascadia cannot assume responsibility for voting when ballots or instructions are not offered or presented to us by the custodian, issuer, or client. When the amount of securities held by a client is judged by us to be insignificant, Cascadia may choose to not vote.

Client voting preferences for securities held in a client's accounts will be honored by Cascadia whenever possible and when timely written notice is provided to us by the client. Otherwise Cascadia uses the discretionary authority provided by clients to vote in a manner that we believe reflects the best interests of each client, even in the unlikely event that our vote on behalf of the client may conflict with the interests of Cascadia or a related person. However, we believe that the interests of Cascadia are closely aligned with the interests of our clients and that we likely have very few if any potential conflicts of interest relating to proxy voting.

Our voting judgment may be guided by the voting records or preferences of websites and organizations that generally favor strong shareholder rights and corporate accountability. Cascadia generally votes in a manner that we believe will improve and strengthen shareholder rights, corporate accountability, and shareholder returns on investment.

We keep records of our proxy votes for clients. Clients or prospective clients may obtain a copy of our proxy voting policies and procedures (this document) upon request, or information about how Cascadia voted any proxies on their behalf for securities held in their accounts by contacting our office at 541-686-6164.

## **Item 18: Financial Information**

Clients authorize Cascadia to deduct management fees directly from client accounts. Due to this fee deduction authority, Cascadia is an advisor "with limited custody." We take steps to prevent the deduction of fees in excess of those permitted by the client's written agreement with Cascadia, and these risks and prevention measures are discussed in Item 15: Custody.

Cascadia has not been the subject of a bankruptcy proceeding and has no financial commitment or condition that is likely to impair its ability to meet contractual and fiduciary commitments to clients.

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

**Wayne Michael Lottinville, CFA**  
**Chief Investment Officer (CIO)**

Wayne is Cascadia's principal executive officer and management person. Here is an overview of his relevant education and business background.

#### Formal Education After High School:

- Chartered Financial Analyst Program. “The CFA charter is a globally respected, graduate-level investment credential established in 1962 and awarded by the CFA Institute, the largest global association of investment professionals. More than 90,000 CFA charterholders are currently working in 135 countries. To earn the CFA charter, candidates must:
  1. Pass three sequential, six-hour examinations.
  2. Have at least four years of qualified professional investment experience.
  3. Join CFA Institute as members.
  4. Commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. (See the Code of Ethics section of Item 11.)

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision-making in today’s quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA Charterholders, often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 19 countries recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision-making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit [www.CFAInstitute.org](http://www.CFAInstitute.org).

- NASD Series 27, Financial and Operations Principal Examination
- NASD Series 7, General Securities Representative Examination
- NASD Series 65, Uniform Investment Adviser Law Examination
- NASD Series 66, Unified Combined State Law Examination



- University of Oregon; 26 Quarter Hours in Finance, Economics, and Statistical Analysis; 3.8 GPA; First Place Winner in the school's Portfolio Management Contest
- Campbell College, Buies Creek, North Carolina; President's List
- Bachelors Degree in Political Science from Virginia Polytechnic Institute and State University (Va. Tech)
- Associate in Arts Degree from Brevard College, North Carolina

Business Background for the Preceding Ten Years:

- Founder and Chief Investment Officer, Cascadia Investment Consultants, 2003-present
- Dutton Associates, Senior Analyst, 2006-2008
- "Show-Me" Research, Senior Analyst, 2004-2005
- Rainier Research, Equity Analyst, April-August, 2002
- Red Chip Review, Equity Analyst, 1999-2002

Prior to founding Cascadia and into 2008, Lottinville served as an equity analyst. As a top-performing generalist, his work spanned a variety of industries including biotech and healthcare, staffing and business services, and electronic instruments and component technologies. In two of the three years he participated in an annual "top picks" contest, his selections nearly doubled the overall return of his co-analysts' stock portfolio.

He also served as an investment management associate on 401(k) and high-net-worth individual accounts with a prior money-management firm and made regular guest appearances on a Portland radio program devoted to investing.

Lottinville is not actively engaged in any business other than providing investment advisory and management services for Cascadia. However, as of the date of this filing, he is engaged in the occasional unpaid consulting to an Oregon nonprofit for the purpose of improving its financial reporting, regulatory disclosures, and other operating procedures. He is also politically active and may engage, unpaid, in campaigns regarding various political causes or candidates.

**Evan Arkin**

**Investment Advisor Representative**

Evan entered the financial industry as an insurance agent for New York Life and moved to Cascadia to pursue a career in fee-only investment management. Prior to the financial industry, he was primarily focused on travel, study, and perfecting his Spanish. Here is an overview of his relevant educational and business background:

Formal Education after High School:

- NASD Series 65: Uniform Investment Advisor Law Examination
- Washington State Insurance and Disability License
- B.A. in Political Science and B.A. in Hispanic International Studies from the University of Puget Sound, Tacoma, Washington
- Engalitcheff Institute of Comparative Political and Economic Systems at Georgetown University, Washington DC
- Level C1 Diploma of Spanish as a Foreign Language demonstrating professional fluency

Business Background:

- Investment Advisor Representative, Cascadia Investment Consultants, July 2014-present
- Administrative Assistant, Cascadia Investment Consultants, May-July 2014
- Agent, New York Life Insurance and Annuity Corporation, December 2013-March 2014
- Director of Recruitment, New York Life Tacoma General Office, September 2013-January 2014
- Bilingual Casework and Volunteer Coordinator, Centro LatinoAmericano, June-September 2013
- Office Assistant/Spanish Translator, St. Johns Vision Clinic, June-August 2012
- Promoted to Sustainability Project Lead, University of Puget Sound Sustainability Services, during the academic years from 2009-2013

While an undergraduate, Evan competed at the highest level of collegiate debate. As a sophomore, he and his debate partner were ranked 7th in the nation, finishing in the quarterfinals and Top 10 of the two year-end national debate tournaments, as well as having many other tournament successes throughout their debate partnership.

As a supervised employee of Cascadia, Evan may receive compensation, in addition to his normal salary, for referring prospective investment advisory clients to free initial consultations with Cascadia. Please refer to Item 14: Client Referrals and Other Compensation, for details of this arrangement.

Cascadia is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or to the integrity of our investment management. Evan has never been involved in arbitration proceedings or settlements, nor in any court proceedings related to our business or business practices. Please refer to Item 9: Disciplinary Information, for details.

Evan is directly supervised on a day-to-day basis by Wayne Lottinville.