



Sarasota Capital Strategies
registered investment advisor

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**FORM ADV PART 2A
BROCHURE**

This brochure provides information about the qualifications and business practices of Sarasota Capital Strategies, Inc. If you have any questions about the contents of this brochure, please contact us at (941) 918-2255 and/or service@etfpros.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.

Additional information about Sarasota Capital Strategies, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Sarasota Capital Strategies, Inc. is 125951.

Sarasota Capital Strategies, Inc. is a state registered investment advisor in Florida with additional state registration filings in California. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.



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Advisory Business

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Sarasota Capital Strategies (SCS) is an investment advisory firm incorporated 2002 in the State of Florida. It is a state registered investment advisor located in Florida with additional state registration filings in California. Investment Adviser Registration Depository (IARD) number 125951. The firm maintains its primary investment advisory registration with the State of Florida Office of Financial Regulation. Anthony Welch, CFP[®], ChFC is the owner and Chief Compliance Officer of Sarasota Capital Strategies.

SCS provides active absolute return portfolio strategies using exchange traded funds, no-load mutual funds and individual equities. Absolute return management seeks to limit downside risk in declining markets while participating in markets that are trending up. Most asset classes are considered for portfolios, including equities, fixed income, cash, commodities, and currencies.

Sarasota Capital Strategies manages portfolios using internally developed models and strategies. Generally, most client accounts within a given strategy are managed in a similar way, however, special requests by clients may be considered. In addition, models specific to a client request may be created. Special models created in this manner may have additional costs to the client which may be negotiated.

Clients are charged a set management fee for portfolio management services. The majority of portfolios are billed this way with the possible exception for unique portfolios as described above.

As of February 28, 2013 Sarasota Capital Strategies overall firm discretionary assets under management was approximately \$32,000,000. Sarasota Capital Strategies does not actively manage non-discretionary accounts.

Fees and Compensation

Form ADV Part 2A, Item 5

Sarasota Capital Strategies is compensated for advisory services as a percentage of total assets under management. Accounts valued less than \$100,000 are charged 2.0% while accounts from \$100,000 to \$1,000,000 are charged 1.5%. Accounts over \$1,000,000 are charged 1%. Fees may be negotiated based on unique circumstances. The value of accounts within a household are considered as one for fee calculation purposes.

Fees are on an annual basis, payable quarterly, in advance on the assets under management at the beginning of the quarter.

Fees are deducted directly from client accounts managed by Sarasota Capital Strategies. In some cases, a client with multiple accounts may prefer to have all fees deducted from a single account.

Sarasota Capital Strategies regularly invests in exchange traded funds and no-load mutual funds, each of which carries internal management fees. Additionally, Sarasota Capital Strategies invests in individual equities. Brokerage commissions may apply to transactions as well as account fees charged by the broker dealer and/or custodian. SCS does not participate in brokerage commissions.

Management fees are calculated on the value of assets in each respective account as of the last day of the calendar quarter and deducted from each account within a few days of a new quarter. No refund of fees charged will be made if your account is closed within a billing period. A client that terminates the management agreement in writing may request a refund of unearned management fees by sending a written request to the Sarasota Capital Strategies home office. Refunds are determined by calculating the remaining days before the end of the quarter subject by the date in which the written request is received.



Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

Sarasota Capital Strategies does not accept performance-based fee accounts. (e.g., fees based on a share of capital gains on or capital appreciation of assets in a client's account)

Types of Clients

Form ADV Part 2A, Item 7

Sarasota Capital Strategies provides investment advisory services to individuals, trusts, corporations, foundations and estates. Sarasota Capital Strategies suggests an initial minimum account size of \$250,000. Lower minimums may be accepted at the discretion of the company.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

Sarasota Capital Strategies utilizes technical analysis and fundamental analysis for managing portfolios. A fundamental analyst considers such data as earnings, economic conditions, interest rates, and applies this to individual securities, sectors, and asset classes. Technical analysts believe that fundamental research opinions are reflected in the price of a security. Therefore, technical analysis is concerned with the movement of such prices and the trend thereof. Market technicians also believe that many price patterns are repeated through time and seek to identify those patterns in order to formulate a thesis on current and potential market movements. As with any investing, the risk of loss is quite possible and clients should not invest funds that will be needed in the near future.

During periods of high market volatility, it may be necessary for Sarasota Capital Strategies to trade securities more frequently to achieve our absolute return goals. Since there may be a transaction charge associated with trades, there exists a risk of increased costs to the client. It may be necessary to reduce portfolio volatility by hedging or increasing money market levels. There is also no assurance that such trading will result in gains to the portfolio and could create additional losses.

As described earlier, Sarasota Capital Strategies regularly invests in exchange traded funds and no-load mutual funds that seek to mimic specific indexes. Although indexes are more diversified than individual equities, there can be additional volatility associated with investing in more targeted indexes, such as sectors or specific industries. With certain exchange traded notes (ETNs), a risk of credit quality can also be present. Sarasota Capital Strategies regularly weighs risk versus return potential of exchange traded securities. However, the possibility of loss due to unforeseen circumstances does exist.

Sarasota Capital Strategies may employ one or more unique strategies to manage portfolios for clients. Strategies selected are based on factors including, but not limited to, client goals, market conditions, account size, and account type. As no one investment strategy is perfect at all times, managers may adjust or replace strategies from time to time to meet the challenges of market conditions.

Examples of strategies currently being utilized by Sarasota Capital Strategies include (but not limited to):

- Diversified Fixed Income Strategy
- Dividend Growth and Income Strategy
- Asset Allocation Strategy

Diversified Fixed Income Strategy

This strategy seeks consistent return with lower volatility by investing in ETFs and no-load mutual funds. The strategy seeks to invest in attractive fixed income securities from a diversified range of bond classes. This strategy may involve frequent trading in volatile markets and could generate short term capital gains.



Dividend Growth and Income Strategy

This strategy is a fundamental / technical growth and income approach that seeks in providing higher than average yield while exhibiting prices that are considered undervalued by investing in ETFs and individual equities. This strategy can involve frequent trading in volatile markets and could generate short term capital gains.

Asset Allocation Strategy

In the Asset Allocation Strategy, a client risk profile is created using a questionnaire and/or a verbal interview. Based on the completed risk profile, the portfolio is allocated to various asset classes. The percentage of allocation to each asset class is determined by the client risk profile. The portfolio will be rebalanced back to the original allocation at least twice per year and more often in volatile markets. The portfolio will analyze and select exchange traded and mutual funds the manager believes are best suited to accomplish the appropriate allocation. Securities in the allocation will be monitored and changed when appropriate.

Accounts over \$100,000 may have a combination of strategies when appropriate. While different strategies differ in risk, they all may fluctuate in value and are not guaranteed or insured. Investing in securities involves risk of loss that clients should be prepared to bear.

Disciplinary Information

Form ADV Part 2A, Item 9

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Sarasota Capital Strategies. Sarasota Capital Strategies has no history of any legal or disciplinary action.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

Members of Sarasota Capital Strategies are not registered and do not have pending applications to register as representatives of a broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor.

Associated persons of Sarasota Capital Strategies may be licensed insurance agents, and at times will be in the business of selling insurance products as a service to clients. The sale of these products will account for less than 1% of business operating time. Insurance associates may receive compensation for the sale of an insurance product. The client is under no obligation to purchase an insurance product through an associate of Sarasota Capital Strategies and is free to choose the sources through which to implement a recommendation.

Occasionally, members of Sarasota Capital Strategies contribute authored articles to financial publications. The views and opinions expressed in those articles are those of the authors and do not necessarily reflect the official position of Sarasota Capital Strategies. The approximate time spent on this activity account for less than five percent of business operating time.

Sarasota Capital Strategies does not directly recommend other investment advisors or receive compensation from other investment advisors.

Certain accounts at TD Ameritrade will show its advisory fee billed by Welch & Associates. This is caused by the electronic method in which we bill as provided by TD Ameritrade and does not reflect or imply investment advisory management by Welch & Associates.



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

Form ADV Part 2A, Item 11

Sarasota Capital Strategies has adopted a code of ethics to establish a standard of professional conduct and responsibility for all members and associates. It is established upon the fundamental principles of fiduciary duty to clients as well as honesty, openness, fairness, integrity confidentiality, and professionalism. Sarasota Capital Strategies and its members are prohibited from engaging in fraudulent, deceptive, or manipulative conduct. Sarasota Capital Strategies and its members have an affirmative duty of utmost good faith to act solely in the best interest of its clients. A copy of our code of ethics will be provided upon request to any requesting current or prospective client.

Members and their immediate family are allowed to invest in the same securities that we recommend to our clients. To avoid conflicts that arise in connection with personal trading, Sarasota Capital Strategies has implemented policies and restrictions on member and immediate family accounts. Each member must conduct personal and immediate family trading so as not to conflict with the interest of a client. All associates of Sarasota Capital Strategies will disclose their personal trading activity by submitting account statements quarterly for review by either the chief compliance officer or a principal of the company.

Brokerage Practices

Form ADV Part 2A, Item 12

Best execution has been defined by the Securities and Exchange Commission as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." Best execution applies to the circumstances of each particular transaction.

In seeking best execution, Sarasota Capital Strategies determinative factor in not based solely on the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker dealer services, including among others, the value of research and technology provided, client service and responsiveness, familiarity and financial strength.

Sarasota Capital Strategies does not receive soft dollars. (an economic benefit received such as research from a brokerage firm for executing trades through that broker)

While as a fiduciary, Sarasota Capital Strategies recommends that clients maintain their brokerage assets in accounts with either TD Ameritrade, Ceros Financial Strategies (custodian National Financial Services, LLC), or Jefferson National. Sarasota Capital Strategies does not participate in any transaction fees or commissions paid to a broker dealer or custodian and do not receive any fees or commissions for the opening/closing or maintenance of client accounts. Clients are encouraged to closely review all custodial and brokerage charges as it relates to their account and processing transactions.

Not all investment advisors require their clients to direct brokerage. Sarasota Capital Strategies is required to disclose that by directing brokerage, Sarasota Capital Strategies may not be able to achieve the most favorable execution of client transactions and that this practice may cost clients more money.

When effecting securities transactions for clients, Sarasota Capital Strategies will in most circumstances place aggregate orders (bundled transactions). Once an order is completed, the aggregate order is allocated in such a manner as to assure each client held by the same custodian the same average price per trade. This practice of bundling orders is generally beneficial to our clients in obtaining favorable executions. In the event that an aggregate order is partially executed or filled, or not available, Sarasota Capital Strategies will allocate completed executions of transactions to client portfolios based on a rotational system that considers a random assignment of client accounts under its management dependent on where the client account is held, cash levels and restrictions as well as risk tolerance, objectives, execution costs along with individual account minimum order size. Accounts held outside the directed custodian will not have the opportunity to participate in bundled orders.



Review of Accounts

Form ADV Part 2A, Item 13

A principal of Sarasota Capital Strategies will review prior day client account activity within the next business day. Periodic reviews with clients are performed upon request from the client. Sarasota Capital Strategies encourages all clients to schedule a review of their portfolio at any time.

Performance reports are available upon request from the client. These reports are prepared with the use of Advent Alys software for the time frame requested. Clients are urged to compare the account statements they receive from the qualified custodian with those they receive from us.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

Sarasota Capital Strategies does not receive an economic benefit from non-clients for providing investment advice to our clients. We do receive on a limited basis holiday or gifts based on special occasions from a few service providers. Examples include holiday food baskets that may include cookies, cheeses or chocolates. These gifts are not in conjunction with any compensation or incentive. Since this gives the appearance of a conflict of interest, Sarasota Capital Strategies has a gift log to record all gifts received. This gift log is reviewed and made available to any requesting client.

At times, members of Sarasota Capital Strategies may be compensated for authoring articles in financial publications. Compensation for this activity is paid directly to the author and not Sarasota Capital Strategies.

Currently, Sarasota Capital Strategies does not compensate solicitors. In the event that Sarasota Capital Strategies retains a solicitor, SCS will compensate in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, a portion of our advisory service fee for introducing a client to us. Any clients being referred by a solicitor will be disclosed the nature of the solicitor's relationship with us as well as the terms and arrangements between the solicitor and Sarasota Capital Strategies which will include the compensation received by the solicitor.

Custody

Form ADV Part 2A, Item 15

Sarasota Capital Strategies does not maintain custody of client funds or securities. Custody is maintained through qualified custodians either at TD Ameritrade, National Financial Services, or Jefferson National. These custodians send account statements directly to the client no less than quarterly and transaction confirmations within a few business days after a purchase or sale has occurred.

Investment Discretion

Form ADV Part 2A, Item 16

Sarasota Capital Strategies accepts discretionary authority to managed securities accounts on behalf of clients. Clients will execute a discretionary management agreement giving Sarasota Capital Strategies a limited power of attorney that authorizes us to manage their securities accounts.

We exercise discretion over the securities to be bought or sold and the amount of securities purchased or sold. Clients may impose reasonable limitations or restrictions on the discretionary power granted so long as the limitations or restrictions are specifically set forth and included as an attachment to the client agreement or found within a signed letter from the client.



Voting Client Securities

Form ADV Part 2A, Item 17

Sarasota Capital Strategies does not have any authority to vote proxies on behalf of managed client accounts. These clients retain the responsibility for receiving and voting proxies for any and all securities maintained in the client portfolio. Clients will receive proxies or other solicitation directly from their custodian or transfer agent. Clients may contact Sarasota Capital Strategies with questions about their particular proxy solicitation.

Financial Information

Form ADV Part 2A, Item 18

Under certain circumstances, registered investment advisors are required to provide you with financial information or disclosures about their financial condition. Sarasota Capital Strategies has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Requirements for State-Registered Advisors

Form ADV Part 2A, Item 19

Sarasota Capital Strategies principal executive officer and chief compliance officer is Anthony Welch. Anthony Welch's formal education and business background as well as his complete disclosure is listed below.

Anthony Welch, CFP[®], ChFC

Year of Birth: 1960

Formal Education after High School:

- University of South Florida, B.A., Finance, 1990

Business Background for the Previous Five Years:

- Sarasota Capital Strategies, Inc., Principal, President, CCO September 2002 – Present
- RTR, LLC, Managing Member, January 2006 – Present
- ETF Pros, Inc., Managing Member, December 2005 – Present
- Welch & Associates, Inc., Principal, President, January 2000 – December 2012

Certifications:

- College of Financial Planning, Certified Financial Planner, CFP[®]
 - CFP[®] certificants must pass the comprehensive CFP[®] Certification Examination, pass CFP Board's *Fitness Standards for Candidates and Registrants*, agree to abide by CFP Board's *Code of Ethics and Professional Responsibility* which puts clients' interests first and comply with the *Financial Planning Practice Standards* which spell out what clients should be able to reasonably expect from the financial planning engagement. These are just some of the reasons why the CFP[®] certification is becoming increasingly recognized.
- American College, Chartered Financial Consultant[®], ChFC
 - To receive the ChFC[®] designation, you must successfully complete all courses in your selected program, meet experience requirements and ethics standards, and agree to comply with The American College Code of Ethics and Procedures.
- Life, Health, Disability & Annuity Insurance Licenses
 - Administered by the Florida Department of Financial Services, completion of 40 hours of approved insurance course for life, health and variable annuity insurance along with 100 multiple choice questions; 2 hours testing time. This insurance license is designed to qualify an individual representing an insurer as to life insurance and annuity contracts, or variable contracts by the same insurer. Annuity contracts, including, but not limited to, fixed or variable annuity contracts; the



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granting of endowment benefits, additional benefits in event of death or dismemberment by accident or accidental means, additional benefits in event of the insured's disability; and optional modes of settlement of proceeds of life insurance.

Because of his overall focus toward ethical practices both professionally and personally, Anthony Welch has never been subject or found liable in any arbitration, civil, self-regulatory organization or administrative proceeding involving any of the following:

- an investment or an investment-related business or activity;
- fraud, false statement(s), or omissions;
- theft, embezzlement, or other wrongful taking of property;
- bribery, forgery, counterfeiting, or extortion; or
- dishonest, unfair, or unethical practices.

Anthony Welch is not registered and does not have an application to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant (FCM), commodity pool operator ("CPO"), commodity training advisor ("CTA"), or an associated person of an FCM, CPO, or CTA. Also, there is no relationship with any other financial activities that would create a conflict of interest with clients. Anthony does not receive any commissions, bonuses or other compensation from the sale of any securities or other investment product.

Anthony Welch does not receive additional compensation in his capacity at Sarasota Capital Strategies from any other source.

Additional Information

It is the responsibility of the client to promptly notify Sarasota Capital Strategies if there are any current or anticipated changes in their financial situation, investment objective or risk tolerance. Clients may call in at any time during normal business hours to discuss directly with the investment advisor about their client account, financial situation, or investment needs. Additionally, Sarasota Capital Strategies shall not be required to verify any information received or omitted from the client or from the client's other professionals. The client retains absolute discretion over all investment implementation decisions and is free to accept or reject any recommendation made by Sarasota Capital Strategies.

