



413 N. Center St.

Statesville, NC 28677

704-277-5101

## Firm Brochure (Part 2A of Form ADV)

This Brochure provides information about the qualifications and business practices of Spark Asset Management Group. If you have any questions about the contents of this Brochure, please contact us at 704-277-5101 or by e-mail at: [tbain@sparkamg.com](mailto:tbain@sparkamg.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.

Spark Asset Management Group is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Spark Asset Management Group also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 27, 2019

## **Material Changes**

Spark Asset Management Group last updated its brochure on March 26<sup>th</sup>, 2018. Since that time, the following material changes have taken place. These do not represent all changes that have occurred over the past year, just those that we have deemed to be material.

### **Material Changes since the Last Update**

Since the last update, Mr. Bain received the AAMS designation (Accredited Asset Management Specialist).

The address used for storing financial records and tax returns changed

Nationwide bought Jefferson National, one of the custodians used by Spark.

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### **Full Brochure Available**

Currently, our Brochure may be requested by contacting us at 704-277-5101 or by e-mail at: [tbain@sparkamg.com](mailto:tbain@sparkamg.com). Additional information about Spark Asset Management Group is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Spark who are registered, or are required to be registered, as investment adviser representatives of Spark.

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## **Advisory Business**

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### **Firm Description**

Spark Asset Management Group, LLC (“Spark”), founded in June 2004, provides investment supervisory services and manages investment advisory accounts. Spark makes these services available to individuals, trusts, estates, charitable organizations, corporations, and others. Spark also serves as a Sub-Advisor for another Registered Investment Advisor.

As of Dec 31<sup>st</sup>, 2018, Spark managed 32 accounts with approximately \$2,464,404.83 in assets managed on a discretionary basis. While Spark can work with clients on a non-discretionary basis, the firm does not currently have any clients under this arrangement. Having discretionary authority over the client's account does not preclude transactions initiated by the client. Assets under management of Spark are held by independent custodians, including Intl FC Stone Financial Inc., ProFunds, Pershing, and Jefferson National (now Nationwide).

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### **Principal Owners**

Timothy J Bain is a 50% owner Spark Asset Management Group. Heather Bain also is a 50% owner.

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### **Types of Advisory Services**

#### **Investment Management Services**

The primary type of advisory service offered by Spark is investment supervisory services (i.e., “asset management”). Spark manages clients’ accounts both directly and through a sub-advisory arrangement with another Registered Investment Advisor. The majority of Spark’s assets are managed according to tactical asset allocation and trend following models that primarily utilize ETF’s. These models combine a trend following algorithm with other technical and fundamental research to determine when to allocate funds to various asset classes. Spark also manages specialty portfolios specific to individual clients’ needs and objectives.

For investment supervisory accounts that are directly contracted with Spark, Spark or its agent will obtain information about the client's financial situation, investment objectives,

and restrictions at or before the time the account is opened. Each portfolio is designed to meet a particular investment goal. Clients are profiled through an initial meeting with a Spark employee or a Spark authorized IAR/Solicitor and all appropriate programs are made available. Clients, with the help of a Spark representative, then select which program, or combination of programs, they feel best suits their financial objectives. Once the appropriate portfolio has been determined, the portfolio will be continuously managed based on that program's goal, rather than on each client's individual needs. However, each client will have an opportunity to place reasonable restrictions on the types of investments to be held in their portfolio. Current programs range from a traditional "buy-and-hold-with-quarterly-rebalancing" approach utilizing exchange traded and closed end investment funds managed in a relatively tax efficient manner to a more active approach utilizing exchange traded and closed end investment funds or open ended funds managed under a tactical asset allocation approach. The later are reviewed at least monthly and may be rebalanced frequently. Spark or its agent will contact the client annually to determine whether there have been any changes regarding Client's financial situation, investment objectives, or other relevant information. Spark or its agent will be reasonably available to consult with the client, and each client will be provided with a quarterly account statement from either Spark or Client's custodian containing a description of all activity in the client's account. Spark will ensure that it follows the dictates of Rule 3a-4 of the Investment Company Act of 1940, adopted by the SEC in 1997, which provides a non-exclusive safe harbor to exclude certain similarly managed accounts from the definition of an investment company.

For investment supervisory accounts that are managed by Spark through a sub-advisory relationship, the adviser or its agent is responsible for obtaining information about the client's financial situation, investment objectives, and restrictions at or before the time the account is opened, as well as determining and recommending the appropriate Spark investment programs. Portfolios will be continuously managed based on that program's goal, rather than on each client's individual needs. However, each client will have an opportunity to place reasonable restrictions on the types of investments to be held in their portfolio. Spark offers the same set of investment programs to all clients irrespective of whether the relationship with the client is direct or through a sub-advisory arrangement, however the use of certain custodians under a sub-advisory agreement may be limited.

### **Investment Advice/Financial Planning**

Spark furnishes investment advice and provides comprehensive financial planning services through consultations with its clients. This service includes financial planning, implementation, and ongoing asset management/monitoring services. Financial planning may include identification of financial needs, budgeting, risk management, investment management, education planning, retirement planning, estate planning, etc.

## **Fees and Compensation**

While Spark can base its fees on a percentage of Assets Under Management, hourly charges, and fixed fees, all of its fees for 2018 were based on a percentage of assets under management.

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### **Investment Management Services**

The specific manner in which fees are charged by Spark is established in a client's written agreement with Spark. Fees are generally negotiable at both the firm and advisor level. Fees are deducted from clients' accounts on a monthly basis and may be deducted in advance or in arrears, depending on the agreement signed by the client. Clients can choose to have the fees deducted from the account, from another account, or be billed by mail. The Client Agreement provides Spark limited authority to withdraw the contractually agreed upon fees from the account. At a minimum, in addition to Spark's billing notification (which may be mailed or e-mailed), clients will receive a statement from the custodian a statement, at least quarterly, indicating all the amounts disbursed from the account including the amount of advisory fees paid directly to Spark. The custodian of the account is advised in writing of the limitation on Spark's access to the account. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar month. Accounts initiated or terminated during a calendar month will be charged a prorated fee. Clients must give Spark 30 days written notice to terminate an account and therefore will not receive any refund upon termination. Any unpaid fees will be due and payable. Spark charges fees according to the following schedule taken from the firm's Sch A of its client agreement:

#### **Schedule A - Fees**

These rates may be negotiable. The services provided by Spark Asset Management Group, may be available from other providers at greater or lesser expense. Due to transaction costs and fee minimums, Advisor may require greater minimums at its sole discretion and may adjust, waive, or increase its minimums at any time for any reason.

### **Investment Management Services**

- Maximum advisory fee is 2% annually
- In addition to the advisory fee set forth above, clients whose accounts are held at Intl FC Stone Financial, Inc. will also pay a transaction charge of \$8.95 per transaction and accounts at Motif Investing will pay \$9.95 per trade in a single motif

(which can hold up to 30 individual securities). Client's with assets held at Jefferson National and ProFunds will also pay the operating expenses of the funds or sub-accounts they are invested in.

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## **Financial Planning & Other Consultative Services**

Spark will produce a basic financial plan at no charge to its investment management clients using Riskalyze, or other third party planning software.

Upon request, Spark will create a custom, turn-key plan to provide investment advisory services for assets under advisement. Such a plan may include periodic review of held-away accounts, investment management services, target asset allocation recommendations, notifications of model changes, annual risk assessment and retirement roadmap, a fixed amount of consultation time, and other services as outlined in the customer's client agreement.

The maximum hourly rate for all other Advisory services work including planning, implementation, and research is \$225/hour.

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## **Other Fees**

Spark's advisory fee is exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Spark's fee, and Spark shall not receive any portion of these commissions, fees, and costs.

The section "Brokerage Practices" further describes the factors that Spark considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Fees for sub-advisory relationships are negotiated with each adviser and are generally subject to confidentiality agreements. Again, the initial contract is for two years and renews

automatically annually thereafter, however the contract may be cancelled at any time, by either party, for any reason upon receipt of 30 days written notice.

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### **Past Due Accounts and Termination of Agreements**

Clients must provide Spark with 30 days written notice to terminate their agreement. Refer to Section 8.C. “Administration and Termination Fees” and Section 16 “Termination” of the Spark Client Agreement for more information

### **Performance-Based Fees and Side-By-Side Management**

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Spark does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Types of Clients**

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Spark Asset Management Group provides investment supervisory services and manages investment advisory accounts. Spark makes these services available to individuals, trusts, estates, charitable organizations, corporations, and others. Spark also serves as a Sub-Adviser to another investment adviser firm.

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

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#### **Spark Trends Models**

Spark does manage some specialty portfolios specific to client’s needs and objectives, but the majority of Spark’s assets are managed according to tactical asset allocation models that primarily utilize ETF’s, Mutual Funds and sub-accounts (when account is invested in a variable annuity).

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#### **Investment Objective**

The Spark Trends models seek competitive total returns over time. The models also seek to minimize significant drawdowns. No guarantees can be made that Spark will be successful in achieving either goal.

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### **Investment Approach**

These models employ various trend following algorithms combined with other technical and fundamental research to determine when to allocate funds to a pool of certain identified asset classes. Through the use of tactical asset allocation, Spark attempts to capture the upside of trending market segments while avoiding segments in extended downward trends. The Spark Trends model utilizes investment vehicles such as exchange traded funds (ETFs), mutual funds, sub-accounts, closed end funds, and other broadly diversified securities from various sources as required to provide multiple asset class exposures in a single portfolio that does not utilize leverage. Due to the absence of leverage and focus on minimizing downside volatility, this strategy is suitable for taxable accounts as well as tax-deferred and tax-exempt accounts. However, these strategies/models are typically rebalanced on a frequent basis (some as often as semi-monthly). Frequent rebalancing can have negative effects in taxable accounts.

A subset of these models is managed with ProFunds and Jefferson National as the custodian. The ProFunds series of mutual funds and some of the sub-accounts offered by Jefferson National (Nationwide) utilize leverage, which can greatly increase the volatility of the portfolio. These accounts are typically rebalanced on a semi-monthly or monthly basis to minimize the compounding effect of negative returns. While accounts at Jefferson National (Nationwide) are tax deferred, the frequent rebalancing at ProFunds can have negative effects in taxable accounts.

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## **Investment Risks**

The strategies may experience periods of increased transaction volumes when asset classes repeatedly change directions (commonly referred to as whipsaw activity). Investing in alternative asset classes or strategies can present unique risks not normally associated with traditional asset classes. Individual positions may possess a high degree of volatility, but when combined in a broader portfolio context the complementary characteristics of alternative investments may potentially work to reduce overall portfolio volatility while enhancing total return over the long term. However, neither diversification, asset allocation, nor a tactical approach can ensure a profit or protect against a loss. There can be no assurance that the Spark Trends models will achieve their investment objectives. Investing in securities involves risk of loss that clients should be prepared to bear.

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## **Specialty Portfolios**

While the majority of Spark's assets under management are managed according to one of Spark's Trends models, Spark does manage some specialty portfolios specific to client's needs and objectives. These portfolios are typically more aggressive and more flexible in their mandate and generally require that clients' investment objectives and risk profile allow for higher risk. These portfolios can be invested in leveraged and/or inverse ETF's, individual securities, options, open-end and closed-end mutual funds, and currencies.

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## **Investment Objective**

Specialty portfolios managed by Spark generally seek higher returns with greater risk.

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## **Investment Approach**

These portfolios employ a "go-anywhere" strategy and allow the manager to make country, sector, industry, or company specific investments. While the manager has discretion according to the client agreement, in many instances clients are heavily involved with decisions. The portfolios generally hold 10-20 positions but each

client has the ability to guide the manager to a number of positions (more or less) that they are comfortable with. These portfolios are managed using both fundamental and technical analysis as well as outside third party research. Due to the potential existence of leverage and potential concentration, these portfolios are generally suitable for accounts wishing to take more risk. However, some of Spark's specialty portfolios may be designed to minimize risk in accordance with a client's specific investment objective.

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### **Investment Risks**

The strategies may experience periods of increased transaction volumes when asset classes repeatedly change directions. Investing in alternative asset classes or strategies can present unique risks not normally associated with traditional asset classes. Individual positions may possess a high degree of volatility. Neither diversification, asset allocation, nor a technical approach can ensure a profit or protect against a loss. There can be no assurance that any of Spark's specialty portfolios will achieve its investment objectives. Investing in securities involves risk of loss that clients should be prepared to bear.

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### **General statement about risk associated with Spark's Asset Management Capabilities**

CLIENTS' INVESTMENTS ARE SUBJECT TO RISKS ASSOCIATED WITH INVESTING IN SECURITIES, INCLUDING BUT NOT LIMITED TO VARIOUS MARKET, INTEREST RATE, CURRENCY, ECONOMIC, SOVEREIGN, POLITICAL, AND BUSINESS RISKS. ADVISOR'S ACTIONS TAKEN ON CLIENT'S BEHALF MAY NOT BE PROFITABLE. THE ADVISOR DOES NOT GUARANTEE THE PERFORMANCE OF THE CLIENT'S INVESTMENTS OR GUARANTEE THAT THE ADVISOR'S ADVICE OR STRATEGIES WILL BE SUCCESSFUL OR THAT THE CLIENT'S INVESTMENT OBJECTIVES WILL BE MET. ADVISOR DOES NOT GUARANTEE THE FUTURE PERFORMANCE OF THE ACCOUNT(S) NOR ANY SPECIFIC LEVEL OF PERFORMANCE NOR THE SUCCESS OF ANY INVESTMENT DECISIONS NOR STRATEGIES THAT ADVISOR MAY USE. INDEED, THE CLIENT MAY LOSE MONEY AND EXPERIENCE VOLATILITY AND SUFFER LOSS.

## **Disciplinary Information**

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### **Legal and Disciplinary**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Spark or the integrity of Spark's management. Spark, including its associated persons, does not have any information applicable to this Item. Information regarding any of Spark's advisors can be found at <http://www.adviserinfo.sec.gov/>

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

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Certain associated persons of the Advisor are also registered representatives of a broker-dealer. Timothy Bain, the firm's President, CEO, CIO and CCO, is associated with SA Stone Wealth Management Inc. a Broker/Dealer registered with the SEC, FINRA and various state regulatory bodies.

In their capacity as registered representatives, associated persons of the Advisor will be involved in the sale of various types of securities, including, but not limited to, stocks, bonds and mutual funds.

In addition, certain associated persons of the Advisor are also associated with General insurance Agencies. Timothy Bain is associated with Elledge, Bain, Sides, LLC.

In their capacity as insurance agents, associated persons of the Advisor will be involved in the sale of various types of insurance, including, but not limited to, fixed annuities, fixed index annuities, life insurance and long-term care insurance. While such arrangement is typical in the industry (often referred to as a "Hybrid-Advisor"), this practice presents a potential conflict of interest and may give Spark personnel and its associated persons an incentive to recommend certain insurance or investment products based on the compensation received, rather than on a particular client's needs. In an effort to deal with these conflicts, Spark personnel and associated persons identify in which capacity they are acting and provide full disclosure to the clients, prior to any transaction, in order to avoid any confusion.

Associated personnel of the Advisor spend approximately 25 - 50% of their time providing investment advice and advisory services, and 50-75% of their time as investment representatives and/or insurance agents.

## **Code of Ethics**

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Although Spark is state registered and not SEC-registered, the firm has adopted a Code of Ethics pursuant to SEC rule 204a-1 for all supervised persons of the firm. A copy of Spark's code of ethics is maintained its compliance manual and will be provided to any client or prospective client upon request. Spark's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the firm's Chief Compliance Officer. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Spark must acknowledge the terms of the Code of Ethics annually, or as amended.

Spark anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Spark has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Spark, its affiliates and/or clients, directly or indirectly, have a position of interest. Spark's employees and persons associated with Spark are required to follow Spark's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Spark and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Spark's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Spark will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Spark's clients. In addition,

the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Spark and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Spark's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is Spark's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Spark will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Brokerage Practices**

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Client grants Advisor full authorization to issue instructions to and engage in transactions with Custodian in connection with the management of Client's Account(s) as outlined in this Limited Power of Attorney and as Advisor in its sole discretion shall deem advisable.

Advisor may select broker/dealers that provide it with research or other transaction-related services. Consistent with obtaining best execution, transactions for Client may be directed to brokers who provide Advisor with research or other transaction-related

services. Such research or service will generally will be used to service all of Advisor's Clients, but brokerage commissions paid by Client may be used to pay for research that is not used in managing Client's Account(s). Advisor may in its discretion, cause the Client to pay brokers a commission greater than another qualified broker might charge to effect the same transaction where Advisor determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

During the past year, all transactions that involved transaction charges were effected through Intl FC Stone Financial Inc. or Motif at an average cost of less than \$10 per transaction. Advisor receives research, marketing support, office space, supplies, and other services, which significantly lower its cost of doing business. Without this support, Advisor would have to significantly raise its prices; therefore Advisor believes that clients derive substantial benefit from the current arrangement. Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients.

## **Review of Accounts**

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### **Periodic Reviews**

The Spark Trends models are reviewed on a monthly basis at a minimum. Individual accounts are reviewed when external, economic, or political events suggest the need for a strategy change. Individual accounts are reviewed in depth when Advisor conducts random reviews, upon client requests, or an operational item brings the specific client or account to Advisors attention. Such a review may include cash history, security movements, trade history, paperwork, goals and objectives, life-changes, etc.

Reviewers: The Chief Investment Officer is the sole reviewer. Upon account opening and at anytime thereafter, client(s) may provide Advisor with instructions regarding their account(s), which are then incorporated into account reviews.

Spark accounts that are not part of the Trends series are reviewed monthly at a minimum, during the billing process. More frequent reviews occur when market conditions dictate changes be made to the portfolio.

Annual, semi-annual, or quarterly reviews (time period dictated by client) are conducted with the individual advisor and the client.

### **Nature and Frequency of Reports**

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Clients receive an electronic billing notification, stored on Portfolio Pathway, each month which details either the average account balance during the billing period or the account

value at the end of the billing period, the period covering the fee, and the method of calculation. In addition, no less than quarterly the client will receive from the qualified custodian a report that lists individual holdings, values, fee deductions and transactions during the quarter. Clients may also view account values, holdings, and transactions at anytime via the internet on those accounts where the custodian provides access. Clients whose accounts are held at Intl FC Stone Financial, Inc., Profunds, or Jefferson National can also view account information at [www.mainaccount.com/safs](http://www.mainaccount.com/safs). At this website, the aforementioned clients can access holdings, historical transactions, performance, and other reports such as realized and unrealized gains. Clients can request to receive billing statements through the mail at any time.

## **Client Referrals and Other**

### **Compensation**

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Spark has received referrals from existing clients. While the firm does not pay clients for referrals, it may form arrangements with Solicitors. In addition to the management fee charged by Spark, Solicitors may charge an additional Solicitor Fee in any amount up to the maximum of the allowable fee charged by Spark (currently 2.00%). Solicitors' fees will be bundled with those of Spark, but will be disclosed separately to the client at the time the account is opened. Spark did not pay any solicitors in 2016 and does not maintain any relationships with solicitors at the time of this filing.

### **Custody**

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"Custody" means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them. Custody includes any arrangement under which we are authorized or permitted to withdraw client funds or securities maintained with a custodian. Since Spark withdraws its fees from client accounts held by the custodian, the State of North Carolina deems Spark to have custody and Spark must comply with the requirements described in Title 18 Chapter 6A of the North Carolina Administrative Code, sections .1704, .1705, .1708 and .1802. These requirements (Title 18 Chapter 6A .1802) include, but are not limited to the following:

- Notification on the Form ADV in Part 1A Item 9 and Part 1B Item 2 (I) Custody.
- Spark must maintain at all times a minimum net worth of \$35,000 (or a \$35,000 surety bond). The rules exclude as assets goodwill, automobiles and personal items not

readily marketable such as office equipment, software and supplies. Spark has elected to maintain a surety bond.

- Unless the Adviser further satisfies the safekeeping requirements as described below, at least annually an independent certified public accountant must verify all client funds and securities by actual examination at a time chosen by the accountant without prior notice and the accountant must file a report with the Securities Division within 30 days. *Spark meets the safekeeping requirements described next.*

Safekeeping requirement: The State of North Carolina Department of the Secretary of State Securities Division recognizes a safekeeping requirement for investment advisers who are deemed to have custody only because they deduct their fees from client accounts. In such cases, the adviser must provide the client with an invoice before or at the same time the fee deduction request is forwarded to the custodian. The invoice must contain the following elements:

- The time period covered
- The amount of the fee
- The assets on which the fee was calculated
- The formula for calculating the fee

In addition to the online invoice provided via Portfolio Pathway, clients receive at least quarterly statements from the broker dealer, insurance company, mutual fund company, or other qualified custodian that holds and maintains client's investment assets. Spark urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Investment Discretion**

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Spark typically receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client's account.

When selecting securities and determining amounts, Spark observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Spark in writing.

## **Voting Client Securities**

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### **Proxy Votes**

As a matter of firm policy and practice, Spark does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Spark may provide advice to clients regarding the clients' voting of proxies.

## **Financial Information**

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### **Financial Condition**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the firm's financial condition. Spark 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. A balance sheet is not required to be provided because Spark does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$500 per client, six months or more in advance.

## **Requirements for State-Registered Advisers**

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### **Education and Business Standards**

Spark requires members of the organization that are involved in investment decisions to hold at least a Bachelor's Degree. All personnel giving investment advice are required to hold the necessary licenses and pass the necessary regulatory exams. Additional professional certifications are encouraged but not required. Our Chief Investment Officer, Mr. Bain has significant experience (see below). Spark personnel are strongly encouraged to continue their job related education.

## **Brochure Supplement (Part 2B of Form ADV)**

### **Supervised Persons**

#### **SPARK ASSET MANAGEMENT GROUP**

413 N. Center St. Suite 202

Statesville, NC 28677

704-277-5101

As of March 27<sup>th</sup>, 2019

This Brochure Supplement provides information about Timothy Bain, John and Heather Bain that supplements the Spark Asset Management Group Brochure. You should have received a copy of that Brochure. Please contact Spark Asset Management Group at 704-277-5101 or by e-mail at: [tbain@sparkamg.com](mailto:tbain@sparkamg.com) if you did not receive Spark's Brochure or if you have any questions about the contents of this supplement.

Additional information about Timothy Bain is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Timothy J Bain, Member, Chief Investment Officer and Compliance Officer**  
**(Born 1972)**

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**Educational Background and Business Experience**

2010-Present	Spark Asset Management Group, Statesville NC, President, IAR, Chief Investment Officer and Compliance Officer
2010- Present	Sterne Agee Financial Services (now SA Stone Wealth Managemnt Inc.), Financial Advisor
1999-2010	Synergy Investment Group, LLC, Charlotte, NC, Chief Financial Officer and Chief Operations Officer
1997-1999	Linsco Private Ledger, Kannapolis, NC, Financial Advisor
1994-1997	Edward Jones, Charlotte, NC, Investment Representative

B.S. in Economics from North Carolina State University, 1994

B.A. in Business Management from North Carolina State University, 1994

Mr. Bain holds FINRA Series 7, 24, 27, 53, 55, 63, and 65 securities licenses. He also maintains a life, accident and health insurance license as well as a medicare supplement / long-term care license. He obtained the AAMS designation in 2018.

Coursera verified certificates:	Computational Investing, Part I	Nov 2013
	Financial Markets	Apr 2014
	Personal & Family Financial Planning	Oct 2014
	The Global Financial Crisis	May 2016

**Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### **Other Business Activities**

Mr. Bain is a registered representative with SA Stone Wealth Management, Inc. as well as a Member of Elledge, Bain, Sides, LLC – an OSJ and Insurance Agency. He also serves on the Board of Synergy Holding Group, Inc. While such arrangement is typical in the industry (often referred to as a “Hybrid-Advisor”), this practice presents a conflict of interest and gives Mr. Bain an incentive to recommend certain insurance or investment products based on the compensation received, rather than on a particular client’s needs. In an effort to deal with these conflicts, Spark personnel and associated persons identify in which capacity they are acting and provide full disclosure to the clients, prior to any transaction, in order to avoid any confusion. In addition to his other financial industry roles, Mr. Bain is part owner and Corporate Secretary for Music49, Inc – a music lesson studio and retailer. He spends about 5 hours per week on this outside business.

### **Additional Compensation**

None

### **Supervision**

As the only registered person in the firm’s management, Mr. Bain is responsible for all supervision. Mr. Bain’s securities related activities are supervised by SA Stone Wealth Management’s appointed 24 and their compliance department. As part of their annual on-site audit of Mr. Bain’s OSJ, certain Spark accounts and activity are reviewed.

## **Heather N. Bain, Member / Treasurer (Born 1974)**

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### **Educational Background and Business Experience**

2017 – Present	Communities in Schools, CIS Transition Coach
2005-Present	Spark Asset Management Group, Member / CFO, Treasurer
2010- Present	Music49, Inc., Marketing Coordinator/Bookkeeper
1995-1997	Edward Jones, Branch Office Administrator

B.S./B.A. in International Business from the University of North Carolina at Charlotte, 1996  
B.A. in French from the University of North Carolina at Charlotte, 1996

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### **Other Business Activities**

In addition to her role with Spark, Mrs. Bain serves as a bookkeeper for Music49, Inc – a music lesson studio and retailer. She also serves as the transition coach for Communities in Schools. She spends about 15-20 hours per week on these outside businesses.

### **Additional Compensation**

None

### **Supervision**

Heather is supervised by Timothy Bain, the firm's Chief Compliance Officer. Mr. Bain reviews Heather's work through meetings, periodic account review, and trade review