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## 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 20th, 2023

## **Item 2 – Material Changes**

Spark Asset Management Group last updated its brochure on March 29<sup>th</sup>, 2022. 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, Spark moved all of its accounts held at Folio Financial, Inc., to Interactive Brokers.

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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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## **Item 4 - Advisory Business**

### **Firm Description**

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Spark Asset Management Group, LLC (“Spark”), founded in June 2004, is a North Carolina Registered Investment Advisory that provides clients with asset management, retirement and financial planning services as described in this brochure. 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>, 2022, Spark managed 40 accounts with approximately \$6,062,538 in assets managed on a discretionary basis and provided continuous advice on another 2 accounts with \$1,391,333 in assets under advisement. 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 StoneX Financial, Inc., Interactive Brokers, ProFunds, and Nationwide. Spark also maintains a relationship with Pontera (formerly FeeX) but did not have any accounts under this relationship as of 12/31/2022.

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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**

Spark offers discretionary asset management services based on a client's individual needs. Spark provides this service through the use of three types of programs – 1) Trends Model Portfolios 2) Blackrock Target Allocation ETF Models and 3) Special Situations. Spark manages clients' accounts both directly and through a sub-advisory arrangement with another Registered Investment Advisor.

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 the client's 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 periodically 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.

#### **Spark Trends Model Portfolios**

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 various trend following algorithms with other technical and fundamental research to determine when to allocate funds to different asset classes. Spark combines a variety of strategies to build an overall portfolio designed to meet each client's objective.

#### **Spark Blackrock Target Allocation ETF Models**

Spark offers strategic allocation model portfolios based on the Target Allocation ETF model portfolios published by Blackrock. Spark endeavors to maintain these portfolios to be highly correlated to the actual, current Blackrock allocations but the portfolio may vary from time to time due to the availability of certain securities at the client's custodian or due to Spark's investment management discretion.

#### **Spark Special Situations**

Spark also manages specialty portfolios specific to individual clients' needs and objectives. These portfolios generally invest in individual securities and ETF's.

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

Spark furnishes investment advice and provides basic financial planning services for no additional fee to clients with assets under Spark's discretionary management. This service includes basic financial planning, implementation, and ongoing asset management/monitoring services.

In addition, Spark offers individualized advice and financial planning services to clients under a separate financial planning services agreement. These services may include identification of financial needs, budgeting, risk management, investment management, education planning, retirement planning, estate planning, general consulting, etc.

### **401k Plan Participant Advice**

Spark offers two different services to 401k plan participants. The first uses a third-party platform called Pontera (formerly FeeX) to facilitate management of held away assets, such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid having custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link is provided to the Client allowing them to connect an account(s) to the platform. Once a Client account is connected to the platform, we can review the current account allocations and make changes to the allocation taking into consideration the client's investment goals and risk tolerance. Changes in allocations may also consider current economic and market trends. We generally attempt to implement our strategies in the same way we manage other accounts, but may be limited to the securities offered by the plan's investment sponsor. The primary goal is to focus on risk adjusted returns and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

The other service provided by Spark is offered through a co-adviser agreement with Plan Confidence Corporation, Spark offers individual investment advice to clients participating in a 401k plan (plan participants). Such advice includes periodic allocation and investment recommendations delivered electronically. Neither Spark nor Plan Confidence Corporation provides ongoing management of the individual plan participants' account. Under this program, Spark will identify each plan participant's risk tolerance and offer either a tactical or strategic allocation model. Plan Confidence will offer specific allocation recommendations based on the available investments within each plan and the plan participants target allocation. Plan participants are solely responsible for placing any and all transactions.

Plan Confidence™ is an online investment advice service created by Plan Confidence Corporation, an "internet only" investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Plan Confidence™ allows Clients to receive illustrative asset allocation models that are available from investment options within a Client's universe of investment options. A complete description of Plan Confidence Corporation's services is described in their Form ADV Part 2A Disclosure Brochure. Spark Asset Management Group, LLC acts as a Co-Adviser with Plan Confidence Corporation and provides advice to clients, assists clients in determining the suitability of the Plan Confidence™ services for their accounts, and assists clients in establishing and maintaining Plan Confidence™ services accounts.

### **Item 5 - Fees and Compensation**

Spark can base its fees on a percentage of assets under management, assets under advisement, hourly charges, and fixed fees. All of its fees for 2022 were based on a percentage of assets under management or assets under advisement.

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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 for assets held at one of Spark's approved custodians 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 invoiced. The Client Agreement provides Spark limited authority to withdraw the contractually agreed upon fees from the account. At a minimum, clients will receive a statement from the custodian 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.

Fees for assets that are held-away are billed quarterly in advance. For defined contribution accounts, Spark does not have authority to deduct fees directly from the account and therefore must invoice any such clients. Spark currently uses AdvicePay to send invoices and collect payment via credit card. In the event Client terminates this Agreement, all prepaid Advisory Fees will be returned to the Client on a *pro rata* basis determined by the number of days remaining in the quarter of termination. Advisory Fees charged may be negotiated based on a variety of factors and at the sole discretion of the Advisor. No fee adjustment will be made for Account deposits and withdrawals during a billing period

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 StoneX Financial Inc. will also pay a transaction charge of \$8.95 per transaction while accounts at Interactive Brokers do not pay a transaction charge. Client's with assets held at Nationwide 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 provide basic financial planning services at no additional charge to its investment management clients using RightCapital or other third party planning software.

Upon request, Spark will create a custom, turn-key plan to provide investment advisory and financial planning services for assets under advisement. Such a plan may include periodic review of held-away accounts, retirement planning, estate and tax planning (in coordination with the client's appropriately licensed legal and tax professionals), investment management services, target asset allocation recommendations, notifications of model changes, periodic risk assessments, general consultation time, and other services as outlined in the customer's client agreement.

The fee structure for these services will depend on the complexity of the individual client's situation and the estimated time involved. Fees can be charged based on assets under advisement, a fixed monthly or quarterly fee, or an hourly rate. The maximum hourly rate is \$225/hour. Fees are generally negotiable. Specific fees will be outlined in the client's Financial Planning Services Agreement.

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### **401k Plan Participant Advice Fees**

Clients who have entered into a client agreement directly with Spark will pay a quarterly advisory fee as described above in the "Investment Management Services" paragraph in Section 5 above.

Clients using the Plan Confidence service are charged a reoccurring flat monthly fee of \$25 per account. Spark Asset Management Group, LLC is solely responsible in the determination of the fees we charge for this service. Under the Co-Adviser agreement with Plan Confidence Corporation, Plan Confidence will retain \$12.70 of the monthly fee for either of the two custom options and Spark is paid the balance of the monthly fee charged to clients.

This service Includes:

- a. Risk assessment
- b. Online and app access to monthly updates and custom portfolios using available funds. Choice of static or tactical models
- c. Real time emails of any changes
- d. Annual review call with personal advisor

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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.

Clients must provide Spark with 30 days written notice to terminate their agreement.

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

Refer to Section 8.C. of the "Administration and Termination Fees" and Section 15 "Termination" of Spark's Investment Advisory Services Agreement for more information

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

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).

## **Item 6 - 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.

## **Item 7 - 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 Nationwide as the custodian. The ProFunds series of mutual funds and some of the sub-accounts offered by 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 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.

### **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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## **401k Plan Participant Advice**

### **Methods of Analysis**

For accounts being managed using the Pontera interface, Spark will review performance and expense ratios using Morningstar and develop a portfolio in accordance with the

client’s investment objective and their Risk Score. Spark will rely on a combination of its own models and those of Blackrock to determine the appropriate allocation.

Under the agreement between Spark Asset Management Group, LLC and Plan Confidence Corporation, Plan Confidence uses a proprietary scoring methodology they created to review the available investment options for each Client. The Client may select any given model available or may complete a questionnaire that reviews the risk tolerance, age, other available assets and other information necessary to be recommended to an Asset Allocation Model.

- 1. Asset Allocation Model Selection** - is the implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame. The client will also state whether they prefer a **Strategic Asset Allocation – based on Modern Portfolio Theory**; or a **Semi-Tactical Asset Allocation – based on Momentum Investing**.

- a. Strategic Asset Allocation – based on Modern Portfolio Theory**

**Strategic Asset Allocation** - A portfolio strategy that involves setting target allocations for various asset classes, and periodically rebalancing the portfolio allocations when they deviate significantly from the initial settings due to differing returns from various assets or a change in the overall asset classes for the model.

**Modern Portfolio Theory (MPT)** is a mathematical framework for assembling a portfolio of assets such that the expected return is maximized for a given level of risk, defined as variance. Its key insight is that an asset's risk and return should not be assessed by itself, but by how it contributes to a portfolio's overall risk and return. The Strategic Asset Allocation Models will be reviewed no less than quarterly.

If the client chooses a strategic model, they will have the option of choosing which Asset Allocation Categories they prefer not to receive any recommendations on. Once this process has been completed, the appropriate asset allocation model will be “overlaid” over their available investment options and the final output will display the recommended percentage of each investment to use. Proxy investments will be assigned for any missing asset categories. The client will be notified when and why a proxy is being used in their recommendations.

- i. MPT Models**
    - 1. A variety of MPT “models” will be uploaded into PC database
    - 2. The model(s) provided will best “mirror” a Nationally Recognized Investment Management firm
    - 3. 5 models will be available (100% Fixed, Conservative,

- Moderate, Aggressive and 100% Equity)
- 4. Each model will be reviewed by Kevin T Clark, RF™ of Plan Confidence Corporation prior to use
- ii. Investment Management Firm(s) models will be reviewed Quarterly (Jan, Apr, Jul, Oct) for “rebalance” advice

**b. Tactical Asset Allocation – based on Momentum Investing**

**Tactical Asset Allocation (TAA)** is a dynamic investment strategy that actively adjusts a portfolio's asset allocation. The goal of a TAA strategy is to improve the risk-adjusted returns of passive management investing.

**Momentum Investing** is a system of buying securities that have had high returns over the past three to twelve months, and selling those that have had poor returns over the same period. The Tactical Asset Allocation Models will be reviewed daily.

- i. 3 Models will be available (Moderate, Aggressive and 100% Equity%)
  - ii. The S&P 500 Category will be reviewed as an overall proxy for equity portions of the model
  - iii. S&P 500 index (via [www.stockcharts.com](http://www.stockcharts.com)) will be reviewed for “buy” and “sell” signals daily
  - iv. (when necessary) Model Changes uploaded will go “live” the following trading day at 9am EST.
2. **Investment Strategies for Future Dollars** (money that has not been added to the account yet). A **Dollar Cost Averaging Methodology (DCA)** will be used. DCA is the technique of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. More shares are purchased when prices are low, and fewer shares are bought when prices are high.
- a. Reviewed Monthly
  - b. One to Three Morningstar Asset Classes selected – Asset Class(es) selected that are losing momentum and believed to remain flat or decrease in value over the next 30-60 days.

**Investment Risks**

There are risks inherent in all financial decisions and transactions. Spark Asset Management Group, LLC cannot guarantee the current or future performance of investment recommendations, client accounts performance, or the success of any investment decision or strategy that SPARK or PLAN CONFIDENCE CORPORATION may recommend to a client under this program.

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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.

## **Item 8 - 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/>

## **Item 9 - 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 arrangements are 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.

## **Item 10 - 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. Since the Code of Ethics permits 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. If an affiliated account intends to trade in the same security as a client, the client's trade shall either be placed simultaneously, or the trades shall be aggregated as defined below. Employee trading is monitored under the Code of Ethics to reasonably prevent conflicts of interest between Spark and its clients. As a hybrid advisor, Mr. Bain's transactions are also reviewed by the compliance department of his broker-dealer, SA Stone Wealth Management as part of their requirement to supervise the business of outside RIA's.

Certain affiliated accounts, which are held by StoneX Financial Inc., may trade in the same securities with client accounts also held at StoneX Financial, Inc. on an aggregated basis when consistent with Spark's obligation of best execution. In such circumstances, the affiliated and client accounts will each pay the same transaction charge. On buy transactions, affiliated accounts and client accounts receive securities at a total average price. Partially filled orders will be allocated on a pro rata basis. On sell transactions, trades

are placed at the same time through the “position trade” feature. These trades may be filled at slightly different times and prices due to way the custodian processes the trades.

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.

## **Item 11 – 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 Stone X Financial Inc., Folio Institutional or Interactive Brokers 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.



## **Item 12 - 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.

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

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.

In the 401k Plan Participant Advice service, PLAN CONFIDENCE CORPORATION will rescore all accounts any time a participant provides us a new fund line up or at a minimum twice per year. The Strategic and Strategic/Blend Asset Allocation Models will be reviewed no less than quarterly. The Semi-Tactical Asset Allocation will be reviewed every day the United States New York Stock Exchange is open for normal business. Participants will be notified via email as a primary source of communication to log in to their active Plan Confidence account to review. Participants may also download the iOs (Apple) and/or the Android (Google) app from the Plan Confidence website or the iTunes Store (Apple) or Google Play Store (Google).

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

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Clients may receive an electronic billing notification upon request detailing 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 can also view account information for accounts held at StoneX, Profunds and Nationwide at [www.mainaccount.com/safs](http://www.mainaccount.com/safs). At this website, 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.

## **Item 13 - 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 2022 and does not maintain any relationships with solicitors at the time of this filing.

## **Item 14 - Custody**

In most of our Investment Management accounts, we have the authorization to directly debit for the payment of our investment advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over those clients' funds or securities. As such, we comply with current State regulations regarding bonding and financial reporting. We do not have physical custody of any clients' funds and/or securities. Client funds and securities will be held with a broker-dealer, or other independent, qualified custodian and client's will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from the custodian(s) will indicate the amount of our advisory fees deducted from the account(s) each billing period. We may provide clients with additional, customized reporting from time to time and upon request. We urge client's to carefully review statements from the custodian and compare such official custodial records to the reporting we may provide. These additional reports may vary from the custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. This additional reporting does not take the place of the official statements received from the custodian. Spark is not affiliated with the custodian.

## **Item 15 - 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.

## **Item 16 - 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.

## **Item 17 - 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.

## **Item 18 - 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 20<sup>th</sup>, 2023

This Brochure Supplement provides information about Timothy Bain, John and Heather Bain that supplements the Spark Asset Management Group, LLC 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, President, Chief Investment Officer and Compliance Officer**  
**(Born 1972)**

**Educational Background and Business Experience**

2010-Present	Spark Asset Management Group, Statesville NC, President, IAR, Chief Investment Officer and Compliance Officer
2010- Present	SA Stone Wealth Management Inc. (formerly Sterne Agee Financial Services), 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 5-7 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**

2021 - Present	The Community Well, LLC, Founder & President
2017 - 2021	Communities in Schools, CIS Transition Coach
2005-Present	Spark Asset Management Group, Member / CFO, Treasurer
2010- 2022	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 the Founder and President of The Community Well, LLC, a company she founded to fill the communication and resource gaps between schools and the communities they serve. She spends about 20 hours per week on this outside business.

### **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.