

# CLIENT RELATIONSHIP SUMMARY

## Item 1. Introduction

Emerson Equity LLC (“Emerson”) is registered with the Securities and Exchange Commission as a broker-dealer member of FINRA ([www.finra.org](http://www.finra.org)) and SIPC ([www.sipc.org](http://www.sipc.org)) and an SEC registered investment adviser. The selection of an appropriate type of firm to work with is key as brokerage and investment advisory services and fees differ and it is important for you to understand the differences.

Free and simple tools are available to research firms and financial professionals at [investor.gov/CRS](http://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

## Item 2. Relationships and Services

### **WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?**

As a hybrid firm, we are able to provide brokerage and/or advisory services. The types of services and methods of delivery vary in a number of ways. Regardless of the type of account opened, we work with you to determine your risk profile, liquidity needs, investment experience, investment objectives, time horizon, etc. We base our investment recommendations upon that information, as well as any further input from you.

**Brokerage Accounts:** Emerson offers brokerage services to retail investors through cash, margin, and retirement accounts. We recommend the purchase and sale of public equity, corporate, municipal, and US government debt instruments, mutual funds, variable products, brokered CDs, options, and private placements. We also participate in securities underwritings for public and private companies. We do not monitor accounts or investments following the execution of a transaction. All transactions conducted through Emerson brokerage accounts are done so on a non-discretionary basis, meaning that you make the ultimate decision regarding the purchase or sale of investments. While we do not expressly limit the menu of products or types of investments we recommend, we are limited to those product types provided for above, and those issuers (in the case of mutual funds, variable products, and private placements) with which we have selling agreements. We do not require account minimums. The firm first became registered as a broker dealer in April, 2004.

Emerson conducts its brokerage business direct with sponsors and on a fully disclosed basis with Pershing LLC. All customer assets are custodied with the appropriate sponsor or at Pershing, depending on the asset type.

**Investment Advisory Accounts:** With respect to our advisory services, we offer financial planning, portfolio management and consulting, insurance consulting, portfolio evaluation services, seminars, estate planning, retirement planning, investment planning, business succession planning, executive compensation planning, executive financial services, private fund management, and deferred compensation planning for individuals, high net worth individuals, business, and institutional customers. We do not require a minimum account size. Advisory accounts are managed on a discretionary or non-discretionary basis, depending upon the wishes of the client. For discretionary accounts, this means that your financial professional will make the determination regarding transactions in your account without the need to discuss such transactions with you prior to doing so. For non-discretionary accounts, you make the final determination regarding any transactions. You may change the way your account is managed or, in the case of discretion, place limits on our discretionary abilities, as you see fit. We do not and cannot purchase private placements or life insurance on a discretionary basis. We actively monitor our advisory accounts on an at least annual basis. This account monitoring is an automatic component of all advisory relationships. Upon written agreement with the customer, we will engage in more frequent monitoring. The firm first became registered as an investment adviser in March, 2004. Our Assets Under Management are disclosed in Item 4.E of our ADV Part 2, which can be downloaded here: <https://adviserinfo.sec.gov/firm/summary/130032>.

# EMERSON EQUITY

Conversation Starters: Not sure what to ask next? Start with one of the questions below:

- + “Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Why or why not?”
- + “How will you choose investments to recommend to me?”
- + “What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?”

## Item 3. Fees, costs, conflicts, and standard of conduct

### WHAT FEES WILL I PAY?

The fees paid vary depending upon the type of account you open. Regardless of the type of account or the type of fee, the below compensation structures represent a conflict of interest in the form of an incentive to recommend transactions (commissions), specific products (commissions, 12b-1 fees, investments by the firm or its financial professionals in the same securities we recommend), or movement of assets to advisory accounts (advisory fees). We address these conflicts through disclosure in this document, review of account opening documents for appropriateness of the type of account recommended, review of all transactions in customer and financial professional accounts to ensure that they are in the best interest of the customer, a prohibition on recommendations that are not in the best interest of the customer, and by review for any applicable breakpoints that may be available to investors, thereby reducing the fees assessed.

**Brokerage Accounts:** Emerson is primarily compensated through commissions and concessions. Both of these fee types are based on a percentage of the principal invested. Commissions are charged as a fee on top of the principal, while concessions reduce the amount of principal invested. When recommending mutual funds or variable products, we also receive 12b-1 and trailing fees (we continue to receive these fees as long as you own the asset and so long as we are the broker of record on your account). Additionally, we are compensated through underwriting, managing broker-dealer, due diligence, and wholesale fees. While these fees are paid by product sponsors, rather than by you, directly, they do result in a reduction of the total amount of assets invested in the offering. This fee structure results in a situation wherein the more you invest, whether in frequency or in amount, the more we are compensated. As such, this creates an inherent conflict of interest. We address this conflict through disclosure in this document, review of transactions against the best interest standard, and a general prohibition on recommendations to retail investors where the individual making the recommendation does not have a reasonable basis to believe that it is in your best interest.

In addition to the commissions/concessions described above, other fees may also be charged to your account. These fees include custodial fees charged by our clearing firm, exchange fees, management and administrative fees charged by fund sponsors, account closure/transfer fees, and wire fees.

Investment Advisory Accounts: Fees are subject to negotiation. The Adviser’s current fees are based on the value of the account at the close of the last business day of the quarter, and are charged at a rate of:

- + 2.5% for those accounts with assets of \$1 million and under, and
- + 2.25% for accounts with assets in excess of \$1 million.

We have one investment adviser representative who on a case-by-case basis, offers a flat fee for advisory services to clients with \$5 million or more in assets under management and assets under advisement. Such flat fees are subject to negotiation, but range from \$25,000 to \$50,000/year.

## EMERSON EQUITY

In addition to the above fees, the Advisor, as a registered Broker-Dealer, also receives 12b-1 fees for certain mutual fund transactions. Clients may opt to pay a flat fee for portfolio management services. The Advisor and the client negotiate the flat fee. Additionally, your financial professional may recommend an insurance product, in which case s/he will receive a commission for any such product sold. With respect to portfolio evaluation services, the fees vary based upon the complexity of the review and services requested, however, it typically approximates \$1,500. Finally, with respect to customers we refer to a third party investment adviser, we receive a percentage of the advisory fee assessed by that third party investment adviser. The total fee assessed by the third party investment adviser varies, but, at present, it is up to 2%.

Clients should be aware that opening an investment advisory account carries with it costs beyond the advisory fee(s) the firm charges. When placing a transaction order to buy or sell securities, advisory clients may have to pay any or all of the following charges in addition to the advisory fees charged by this firm: brokerage commissions; custodian fees; postage charges; processing charges; ticket charges; early surrender fees; transfer fees; administrative fees for investments in mutual fund fees; 12b-1 fees in addition to administrative fees, and other marketing fees for mutual funds, paid to a broker dealer; account maintenance fees charged by a broker dealer for an account, especially if inactive.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. The fees charged by Emerson can vary greatly depending on a number of factors including the type of security, the availability of the security in the market, the price of the security, the amount of the transaction, the level of disclosure made to the customer, and the nature of our business. For specific questions about fees associated with a given recommendation, please speak with your broker and make sure to read any available contract, prospectus, private placement memorandum, or offering document.

**Conversation Starter: Not sure what to ask next? Start with one of the questions below:**

- + “Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?”

### **WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS?**

#### **HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?**

When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations we provide you. Here are some examples to help you understand what this means.

- + **Third-Party Payments:** The Firm recommends mutual funds. Some of these recommendations will result in the Firm receiving compensation in the form of 12b-1 fees. This creates a conflict of interest in that it incentivizes your financial professional to recommend funds or share classes that pay these fees. We address this conflict as outlined in the introduction to this section, “Item 3”.

**Conversation Starter: Not sure what to ask next? Start with one of the questions below:**

- + “How might your conflicts of interest affect me, and how will you address them?”

### **HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?**

Our financial professionals are compensated through a percentage of the revenues that they generate. As such, an inherent conflict exists for these individuals to recommend those products or transactions that generate higher commissions/concessions and/or recommending large numbers of transactions. We address this conflict through

# EMERSONEQUITY

disclosure in this document, review of transactions against the best interest standard, and a general prohibition on recommendations to retail investors where the individual making the recommendation does not have a reasonable basis to believe that it is in your best interest. With respect to advisory accounts, your financial professional is compensated through a percentage of the advisory fees assessed to your account. In this capacity, the higher the value of your advisory account, the more the financial professional is compensated. While this alleviates some conflicts, it does create an incentive for the financial professional to recommend you move more assets to your advisory account. We address this conflict through disclosure in this document, a review of recommend asset transfers between account types, and a general prohibition on the recommendation of asset transfers between account types unless such recommendation is in the best interest of the customer.

## Item 4. Disciplinary History

### **DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?**

Yes. For more information, visit [investor.gov/CRS](http://investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**Conversation Starter: Not sure what to ask next? Start with one of the questions below:**

- + “As a financial professional, do you have any disciplinary history? For what type of conduct?”

## Item 5. Additional Information

For more information on our firm and services, please visit [investor.gov/CRS](http://investor.gov/CRS) and our website at <http://www.emersonequity.com/>. You may also contact us at (650) 312-0200 with specific questions, concerns, or complaints, to request up-to-date information, or to request a copy of Emerson’s current Customer Relationship Summary.

**Conversation Starter: Not sure what to ask next? Start with one of the questions below:**

- + “Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?”

**Visit us at <http://www.emersonequity.com/> for more information**