

**DISCLOSURE BROCHURE**  
(FORM ADV: PART II)

**The Rose Inc.**  
doing business as  
The Rose Investment Management

Office Address:

24 West Vermont Street  
Indianapolis, IN 46204

Mailing Address:

P O Box 44087  
Indianapolis, IN 46244-0087

Telephone:

800-925-3189

or

317-925-6455

Fax:

317-925-5480

Email Addresses:

[stephenl@theroseim.com](mailto:stephenl@theroseim.com)

[susanl@theroseim.com](mailto:susanl@theroseim.com)

Website: <http://www.theroseim.com>

This brochure provides information about the qualifications and business practices of The Rose Inc. If you have any questions about the contents of this brochure, please contact us at 800-925-3189, 317-926-6455 or via email at [stephenl@theroseim.com](mailto:stephenl@theroseim.com) or [susanl@theroseim.com](mailto:susanl@theroseim.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional Information about The Rose Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 2018

Please retain a copy of this brochure for your records.

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## **Firm Description and Ownership**

The Rose Inc. is an Indiana corporation registered with the office of Secretary of State of Indiana in April of 1993. Stephen A Little and Susan F Little are the sole owners of the firm. Each person holds 50% of the outstanding shares of the corporation.

The Rose Inc., doing business as The Rose Investment Management, is registered with the State of Indiana as an Investment Adviser. The incorporation of The Rose Inc. and its registration with the state of Indiana as an investment advisor should not be construed as indicating any level of competence, investment management skill or training.

## **Types of Advisory Services**

The Rose Inc. manages investment portfolios for clients. Business is conducted on a fee only basis. The sole source of revenue for the firm is the investment management fees paid by clients.

The adviser manages diversified portfolios of individual securities for larger accounts. Smaller accounts use a combination of stocks, no-load mutual funds, institutional share classes of mutual funds and ETFs (Exchange Traded Funds) to achieve the client's investment objective.

Portfolios are managed to meet the individual investment objectives of each client. Each client relationship is governed by an investment management agreement that stipulates the nature of the relationship, the authority granted the adviser, the client's investment objectives and the fee charged.

## **Client Assets Under Management**

At the beginning of 2018, client assets under management totaled \$22,152,430.00. \$1,633,373.00 was held in Discretionary accounts. \$20,519,057.00 was held in Non-Discretionary accounts.

## **Fees and Compensation**

Investment management fees are billed as a percentage of assets under management. We believe that assessing a fixed fee against the market value of accounts managed by the firm binds our economic interests closely to those of our clients.

When markets rise our revenue increases along with the market value of client accounts. In falling markets our revenue declines along with our client's account values.

Discretionary and Non-Discretionary account relationships are billed at the same rate.

## Annual Account Fee

95 basis points on assets up to two million dollars

75 basis points thereafter

## Cash Management Fee

In those instances where the firm manages cash and cash equivalents invested in short-term fixed income securities, the annual fee is 35 basis points.

The adviser carries accounts billed at different rates that pre-date this fee schedule. The adviser reserves the right to negotiate fees different from those shown in this schedule. The adviser also reserves the right to enter into 'Pro Bono' investment management agreements at the discretion of the owners.

## Fee Billing

Fees are billed quarterly in advance based on the market value of client accounts at the time of invoicing. The fee is directly debited from the client's account. Clients are sent a written invoice showing the amount of the fee and the method used to calculate the amount.

## Other Fees

The adviser does not receive any 12b1 fees from mutual funds used in its practice. No fees or commissions are received from any financial product or service provider associated with the firm.

The firm reserves the right to charge fees of \$175.00 per hour for services that fall outside the realm of normal investment management activities. For example, a client or prospective client may ask us to evaluate investments in an account or portfolio where we are not the investment manager.

## Termination of Advisory Agreement

The investment management agreement can be terminated within 30 days by providing written notice. Any investment management fee collected in advance of the termination will be calculated on a pro-rated basis and refunded to the client.

## **Performance Based Fees**

The adviser does not receive any performance-based fees. ‘Performance Based Fees’ have become a seemingly benign euphemism for high fees. This pricing structure typically involved two components. A flat fee – commonly 2% (or 200 basis points) - is the first part of the structure. The second layer of charges imposes an additional fee based on investment performance relative to a benchmark. Again, the adviser does not engage in the pricing practice.

## **Types of Clients**

The primary clients of The Rose Inc. are individuals and families as well as related retirement and trust accounts. The adviser has also provided Pro Bono and paid investment management services to a small number of non-profit organizations.

## **Methods of Analysis**

The Adviser has a strong equity bias. We like stocks. We believe there is a broad universe of investment options available in the global offering of publicly traded securities representing ownership shares in listed corporations. It is our preference to meet clients’ investment objectives using a mix of common, preferred and convertible stock.

We employ a mix of fundamental and technical analysis in our research. We believe that the relevance of investment styles (i.e. Growth vs. Value) shifts over time. We’ve seen yesterday’s ‘growth’ stock choice become today’s ‘value’ pick. As a consequence, we pay attention to multiple style disciplines without being a ‘true believer’ of any one of them.

We are style agnostics. Given our focus on equities in up and down market cycles we might be fairly labeled as contrarians.

## **Principal Investment Strategies**

The Adviser does not engage in trading strategies or attempt to time markets. Positions are held for an intermediate term of 5 – 10 years. As a consequence, portfolio turnover is relatively low over time.

The primary focus of our research effort is on individual issues. Secondly, the Adviser monitors global economic and social trends for potential windows of opportunity in particular market sectors.

At our founding, we felt that screening for what was then labeled as Socially Responsible (SRI) considerations was a critical part of the investment process. Over time we’ve seen

the labels shift from SRI to ESG (Environment, Sustainability & Governance). Whatever the acronym, we remain committed to considering these factors in the investment selection process.

### Principal Risks

Market Risk. Security prices can fluctuate widely in response to a variety of factors that may or may not have anything to do with the underlying value of the security owned.

Management Risk. The Adviser's research and investment selection process may fail to achieve the intended results.

Equity Risk. Equity securities tend to be more volatile than other classes of financial assets such as cash equivalents, notes and bonds.

Interest Rate Risk. Rising interest rates can adversely affect the market value of equity and fixed income investments.

Investment Company Risks. There are additional fees and expenses associated using mutual funds (Investment Companies). There is also the management risk associated with the fund's investment management strategy and stated objectives.

REIT Risk. Real Estate Investment Trusts carry all of the risks generally associated with investment in commercial real estate.

Foreign Security and Currency Risks. Investments in foreign securities carry additional risks when compared to comparable investments in domestic markets. Global issues and events unrelated to the intrinsic value of corporate securities can adversely effect valuations. Changes in the valuation of one nation's currency versus that of another country can negatively impact value. Additionally, investment in foreign securities are subject to changing regulatory and tax treatment that can result in unrecoverable, mandatory withholding on earnings generated abroad.

### Risk Mediation

Recognizing that is impossible to avoid all risks associated with investing in equities, the Adviser attempts to manage or mediate as many of those risks as possible. By limiting its practice to publicly traded securities, the Adviser eliminates any exposure to Private Placements, Limited Partnerships and any thinly traded issues not listed on public exchanges.

Risk is further managed by extensive portfolio diversification. Diversification does not eliminate market risk. It does mediate the risks associated with the changing fortunes of any one corporation or market sector.

The vast majority of individual positions held in client accounts are securities listed in broad market indexes globally and in the US. This practice mediates some measure of market risk by avoiding thinly traded issues in relatively inactive markets where pricing concerns and lack of liquidity can adversely effect valuations.

Derivatives can be used effectively to hedge some forms of investment risk. Recent history has demonstrated that used incorrectly they can also magnify risks. The Adviser does not use derivatives, options or purchase securities for client accounts on margin. All client accounts are managed on a ‘long only’ basis.

### **Disciplinary Information**

The adviser and its principals have no disciplinary history or regulatory infractions.

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

Stephen A Little serves and is compensated as an independent trustee to Unified Series Trust. Unified Series Trust (UST) is a service provider dedicated to supporting new and relatively small mutual funds. The Adviser has no financial affiliation with UST.

### **Code of Ethics**

The adviser has a Code of Ethics that governs the professional conduct of the owners and any employees in the daily conduct of their business as fiduciaries. The Code of Ethics is provided to all new account relationships along with adviser’s Privacy Policy prior to the signing of investment management contract.

The Code of Ethics and the Privacy Policy are available to all clients at any time upon request.

### **Brokerage Practices**

#### **Recommended Brokerage Firms**

The Adviser currently recommends Charles Schwab & Co. Inc. as custodian and broker for the execution of client transactions. We retain the option of directing trades away from Charles Schwab and/or managing accounts housed with another Broker/Dealer if requested to do so by a client.

## Best Execution

We believe that the online brokerage operations of Charles Schwab are well designed to provide Best Execution of client transactions at a reasonable price.

## Soft Dollars

The Adviser does not accept Soft Dollar payments in exchange for order flow or transactions directed through any brokerage firms in exchange for research or other services.

## Order Aggregation

The Adviser does not aggregate or ‘block’ orders. Orders are executed individually in each client’s account.

## **Review of Accounts**

### Periodic Reviews and Reports

The Adviser conducts account reviews periodically. They are also conducted in response to particular client needs and requests. Reviewing withdrawal patterns and investment performance in specific pre- and post retirement circumstances are common examples. Changes in employment status or the investments options available in a new employer sponsored retirement plan are other examples.

Performance reviews are available quarterly or less frequently as requested by individual clients.

## **Client Referral and Other Compensation**

The adviser periodically receives referrals of prospective clients from existing clients and other professionals outside the firm. The Rose Inc. does not pay any compensation to clients or others for such referrals.

The adviser does not retain or compensate any outside solicitor for the purpose of generating new client relationships.

## **Custody and Account Statements**

The adviser does not accept custody of client assets. We rely on independent, third party custodians to hold and service client accounts. Client accounts are held at Charles Schwab & Co. Inc.

The Adviser directly benefits from the investment research and supporting customer service technology provided by Charles Schwab & Co. Inc. We believe our clients benefit from the low brokerage commissions, on-line account access technology and broad product offerings available through the custodian.

Charles Schwab & Co Inc generates regular monthly and/or quarterly statements for client accounts.

### **Investment Discretion**

#### Trading Authority

The Adviser conducts business in both Discretionary and Non-Discretionary roles. In Discretionary relationships the client has delegated full authority to the Adviser to act on their behalf without consultation. In Non-Discretionary relationships the Adviser must secure client approval before implementing investment recommendations.

#### Limited Power of Attorney

The Adviser uses a Limited Power of Attorney in both Discretionary and Non-discretionary relationships. The Limited Power of Attorney is completed when accounts are opened on the client's behalf. The Limited Power of Attorney delegates authority to the Adviser to execute transactions of the client's behalf subject to the provisions of the investment management agreement.

#### Trade Errors

The Adviser makes every effort to avoid trading errors through a system of controls and procedures intended to eliminate such mistakes. The Adviser is committed to make the client 'whole' in any situation where the error is a consequence of the Adviser's action.

If the error results in an unanticipated gain for the client, the client retains the gain once the error is corrected. If the error results in a loss, the Adviser will reimburse the client's account for the amount involved in correcting the error.

### **Voting Client Securities**

The Adviser does not vote proxies for client securities. The Adviser stands ready to offer its opinion and perspective on voting issues of interest to clients.

## Financial Information

The Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitment to clients.

## Owner's Background Information

Stephen and Susan Little own the corporation with each holding a 50% interest. Stephen Little is the President and Chief Compliance Officer. He has over three decades of experience in the financial service industry. Susan Little is the Treasurer and Chief Investment Officer. She has over 30 years of experience in the health care industry with 20 years in research work in both industries.

### STEPHEN A. LITTLE

#### ~Education~

M.Div., Christian Theological Seminary  
BA, Wabash College

#### ~Corporate Experience~

The Rose Inc  
Unified Series Trust  
Merchants Capital Management  
Unified Management Corporation

#### ~Other~

Ordination - UCC  
Vietnam Veteran – USMC

#### Other Interests:

Singing choral music  
Acoustic guitar  
Reading history, science fiction,  
theology & economics  
Barn building and restoration  
Racquet sports

### SUSAN F. LITTLE

#### ~Education~

BA, MT (ASCP) University of Maine  
Emerson College

#### ~Corporate Experience~

The Rose Inc  
i-STAT (now Abbott) Corporation  
Boehringer Mannheim Corporation (now  
Roche Diagnostics)  
Central Maine Medical Center  
Franklin Memorial Hospital  
Eastern Maine Medical Center

#### ~Professional Memberships~

American Society for Clinical Pathology

Santa Rosa Children's Chorus Board,  
President

#### Other Interests:

Singing  
Reading  
Crossword puzzles  
Making jewelry