

## **Item 1 – Cover Page**

### **Apex Capital Management, LLC**

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Lafayette, Louisiana 70503

(337) 984-7010

[www.apexcapitalmanagement.com](http://www.apexcapitalmanagement.com)

Date of Brochure: March 31, 2011

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This brochure provides information about the qualifications and business practices of Apex Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (337) 984-7010. 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 Apex Capital Management, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching for Apex Capital Management, LLC's name or by using its CRD number: 117059.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that Apex Capital Management provides to clients as required by applicable rules and regulations. This Disclosure Brochure, dated March 31, 2011, is a new document prepared according to the new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous Form ADV Part II and Schedule F did not require. In the future, this item will discuss only specific material changes that are made to the Disclosure Brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of the brochure.

In the past our firm has offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

### **Ownership**

Apex Capital Management, LLC (“Advisor” or “we”) is an investment advisor registered with the U.S. Securities and Exchange Commission since August 2008. We are a limited liability company formed in October 1999 under the laws of the State of Louisiana. Our members (owners) are:

- Christopher C. Arsement
- Stephen J. Arsement
- Kimberly B. Gardner
- Robert J. Morella
- John R. Redd III
- Eric J. Benoit

### **General Description of Primary Advisory Services**

We offer personalized investment advisory services including financial planning, consultations and asset management. The following are brief descriptions of our primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients (“clients” or “you”) can review the services and description of fees more thoroughly.

#### ***Financial Planning Services (Plans and Consultations)***

Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning and other areas. The role of a financial planner is to find ways to help clients understand their overall financial situation and help them set financial objectives.

We offer advisory services in the form of comprehensive and modular (segmented) financial plans. These services do not involve actively managing client accounts. Instead, comprehensive planning services focus on a client’s overall financial situation. Modular planning services and consultations focus on specific areas of client concern.

#### ***Asset Management Services***

We offer asset management services providing clients with continuous and on-going supervision over their accounts. This means that we continuously monitor a client’s account and make trades in that account when necessary or when requested by the client.

### **Limits Advice to Certain Types of Investments**

We provide investment advice on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issues
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Interests in partnerships involving real estate and involving oil and gas interests

We also offer advice on closely held businesses. Although we generally limit our advice to the investments listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

### **Tailor Advisor Services to Individual Needs of Clients**

Our services are always provided based on the specific needs of the individual client. Clients are given the ability to impose restrictions on their accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Wrap-Fee Program versus Portfolio Management Program**

In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services and transaction services are provided for one fee. We do not act as a portfolio manager of or sponsor wrap fee programs.

### **Client Assets Managed by Advisor**

The amount of clients assets managed by Advisor totaled \$46,068,009 as of December 31, 2010, with \$38,857,031 managed on a discretionary basis and \$7,210,978 managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provide in **Item 4, Advisory Business**, this section provides additional details regarding our services along with descriptions of each service's fees and compensation arrangements.

### **Financial Planning and Consulting**

We offer financial planning and consulting services that focus on your specific needs and concerns and can include giving advice on investment and non-investment related matters. Financial plans are written and can be either comprehensive or segmented. A comprehensive plan focuses on your overall financial situation and covers several areas as needed by your specific situation. A comprehensive plan can also help you establish and prioritize your financial goals and time frames for achieving them, develop strategies that address your financial weaknesses and build on your financial strengths. A segmented plan focuses only on one or more specific area(s) of concern to you, and you should be aware that other important issues may not be taken into consideration when our investment advisor representatives ("representatives") develop their analyses and recommendations.

Financial plans can include, but are not limited to, education, estate, retirement and tax planning, risk management and asset management. Our representatives meet with you to gather information and documentation needed to perform an analysis and review of your situation as well as your objectives and goals. One or more meetings may be required in order to gather all needed information and determine the services best suited to help meet your needs. We rely on the information provided by you. Therefore, it is very important that the information you provide is complete and accurate. We are not responsible for verifying the information supplied by you or your other professional consultants (i.e., attorney, accountant, etc.).

Our services do not include legal advice. We urge you to work closely with your attorney, accountant or other professional consultants regarding your financial and personal situation. We also request that you notify us if there is ever a change in your financial situation or investment objectives so that we can review, evaluate and/or revise any prior recommendations made or services provided.

After completing a review and analysis of the information and documents received, our representatives develop their analyses and recommendations and present the written plan. All of our recommendations are generic in nature and are not limited to any specific product or service offered by the financial services industry.

Consultation services can be contracted for in conjunction with a financial plan or separately. Consultations can cover any topic or topics of interest to you, including discussions about a previously prepared financial plan.

Fees for both financial plans and consultations are charged at an hourly rate of up to \$200 per hour and are negotiable based on the level and scope of services requested, the complexity of your situation and the experience and knowledge level of the representative providing the services. We provide an oral estimate of the hours needed to complete the requested services. If the actual time required exceeds the estimate, we contact you for permission before continuing with the services. You are charged for the actual time spent on the services and fees are payable when the financial plan is presented or the consultations are completed. Fees are due within 30 of receiving our billing notice.

Financial planning services terminate upon presentation of the plan or completion of the consultations. However, either party may terminate services at any time by providing written notice to the other party. Termination is effective upon receiving the notice. If services are terminated within five business days of executing an agreement for services, services are terminated without penalty. You are responsible for the time expended to the effective date of termination. We provide you with a billing notice detailing the time spent and fees due and payable from you.

You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any financial planning recommendations made by our representatives. If you do decide to implement the recommendations, you are responsible for taking any actions or implementing any transactions required, and you are free to select any broker/dealer and/or insurance agent to implement the recommendations.

If you elect to implement our recommendations through our asset management programs described elsewhere in this Disclosure Brochure, we receive on-going fees. In this case, we may waive or reduce the financial planning fee as a result of the on-going fees received. When considering whether to waive or reduce the financial planning fee, we consider our history and relationship with you and/or our affiliated accounting firm, other advisory accounts you may have and possible future advisory services.

Please see **Additional Compensation**, below, **Item 10, Other Financial Activities and Affiliations**, and **Item 12, Brokerage Practices**, for discussion on potential conflicts of interest.

### **Asset Management Services**

We offer investment supervisory services defined as giving continuous investment advice to you (or making investments for you) based on your individual needs, goals and objectives. In some instances, we may serve as a sub-advisor when working with asset management programs offered by other registered investment advisor firms.

Our asset management services are provided through the SEI Asset Allocation Program ("SEI AAP") or the SEI Managed Accounts Program ("SEI MAP"). Both of these programs are sponsored by SEI Private Trust Company ("SEI"). SEI provides advisory services and administrative support to us through separately managed accounts and through model asset allocation portfolios designed by SEI and

comprised of mutual funds administered by SEI. We may suggest modifications to a standard SEI model in order to more adequately address your individual needs. In addition, SEI advises us with respect to re-allocating and re-balancing investments with the asset allocation programs.

We help you determine your risk profile, investment objectives and investment time horizon. We determine risk profile through an interview with you and completion of a questionnaire. We then use this information to determine the initial asset allocation model we recommend to you. Once your asset allocation has been established, your portfolio is implemented using the mutual funds advised by SEI as well as other investments recommended by us. SEI selects the investment managers of the underlying mutual funds and utilizes institutional investment management firms. SEI monitors the fund managers to ensure that their investment styles and performance remain consistent with the objectives of the mutual funds. SEI has sole responsibility to monitor the individual managers of the available funds and asset allocation portfolios to ensure compliance within the structure of each fund's objectives. SEI has full authority to add or delete a particular fund or asset class to their selected group of fund alternatives.

In order to participate in SEI MAP, you, we and SEI sign a tri-party agreement (account application) providing for management of certain assets. By executing this tri-party agreement, you appoint us as your investment advisor to assist you in selecting the asset allocation strategy. This strategy includes a percentage of your assets allocated to designated portfolios of separate securities (each, a "Managed Account Portfolio"). It may also include a percentage of assets allocated to a portfolio of mutual funds advised by SEI or an affiliate of SEI. By signing the tri-party agreement, you also appoint SEI to manage the assets in each Managed Account Portfolio in accordance with the strategy you select. SEI may delegate its responsibility for selecting particular securities to one or more portfolio managers. We meet with you periodically to ensure your goals remain consistent with the allocation strategy utilized. In addition, we monitor SEI for compliance with the fund's stated objective.

When executing an asset management agreement for services, you may grant us discretionary authority to determine the securities and quantity of securities to be bought and sold, the time of execution and the price at which the trades are executed. You can place reasonable limitations and restrictions in relation to the discretionary authority, on the nature of the funds held in your portfolio or the allocation among various asset classes. We do not have direct access to your funds and securities. Your qualified account custodian maintains custody of all your funds and securities.

Typically, our fee for asset management services through SEI Private Trust Company is charged as a percentage of assets under management. The annual percentage you pay to us is typically charged according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 - \$125,000	1.50%
\$125,001 - \$250,000	1.25%
\$250,001 - \$500,000	1.00%
\$500,001 - \$1,000,000	0.85%
Over \$1,000,000	0.75%

The above fee schedule may be discounted or negotiated and a fixed percentage of up to 1.5% charged based on the following:

- Complexity of your financial situation
- Complexity and types of assets and asset classes maintained in your managed account(s)
- Amount of assets under management
- Whether the managed account is a qualified or non-qualified account
- Our relationship and history with you
- The number of accounts we are managing for you and persons related to you
- The level of knowledge and experience of the representative managing the account

- Whether or not we have discretionary authorization on the assets

The above items are taken into consideration when determining whether to charge based on the fee schedule or discount the fee (i.e., clients may be charged less if their financial situation is very basic or if they have millions in managed assets).

Fixed fees range from \$500-\$50,000 and are negotiated based on the factors previously stated. The exact services and fee (schedule) are agreed upon and disclosed in the agreement for services before services are provided.

Fees charged according to a tiered fee schedule or a fixed percent are billed quarterly in arrears based on the ending balance of the managed account(s). The initial fee is prorated based on the number of days services are provided. In the account application you authorize the custodian (SEI Private Trust Company) to deduct the fees from your account and pay them directly to us. Fixed fees are billed directly to you and are due and payable upon receiving our billing notice.

Our management fee is in addition to the fees SEI charges you for services provided. SEI's account application includes a Custody Account Fee Schedule that discloses SEI's fees and the manner in which they are charged. By signing the account application you acknowledge receipt of and agree to the disclosed fees. In addition, SEI funds are administered, distributed and, in some cases, advised by SEI or its affiliates. In these cases, SEI is paid fees as disclosed in the funds' prospectuses. You should carefully read the prospectus(es) before investing in the SEI funds.

You may also be charged fees by other parties that may include brokerage commissions and/or transaction ticket fees charged by your custodian. In addition, you may incur certain charges imposed by other third parties including, but not limited to, administrative fees, mutual fund sales loads, 12(b)-1 fees, contingent deferred sales charges and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Fees and expenses are charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. Our management fees are separate and distinct from these other fees and we do not receive or share in a portion of these fees.

Either party may terminate the agreement for services at any time by providing written notice to the appropriate party. Termination is effective upon receiving the notice. If services are terminated within five business days of signing the agreement, services are terminated without penalty and no fees are due or a refund of any prepaid fees is made to you. If services are terminated after the initial five day period, fees are prorated based on the number of days services are provided prior to receiving the notice of termination.

### **Additional Compensation**

From time to time, we may receive products, expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. Both we and our representatives endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact the judgment of our representatives when making advisory recommendations.

## **Comparable Services**

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not receive performance-based fees.

## **Item 7 – Types of Clients**

We generally provide investment advice to the following types of clients:

- Individuals (including high-net worth individuals)
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

## **Minimum Investment Amounts Required**

We do not require any minimum investment amount or conditions to establish a managed account. There are no minimum fees charged for financial planning or asset management services.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

We use fundamental analysis when considering investment strategies and recommendations for clients. Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

There are risks with using this analysis method. Fundamental analysis takes a long-term approach to analyzing markets, often looking at data over a number of years. The data reviewed is released over

years (e.g., quarterly financial statements). Therefore, fundamental analysis could mean a gain is not realized until a security's market price rises to its "correct" value over the long run--perhaps several years. The less frequent trading practices of fundamental analysis could also have a positive or negative impact on a client's portfolio value, but likely has reduced brokerage and transaction costs.

### **Investment Strategies**

When implementing investment advice, we usually use long term purchases (securities held at least a year) and short term purchases (securities sold within a year) as investment strategies.

We gather information from financial newspapers and magazines, corporate rating services, research materials prepared by others, annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases. When managing assets through the SEI programs, SEI and its affiliated entities are the primary sources for investment information and research. This information and research includes, among other things, economic and financial market commentaries, investment manager relations and other research materials.

### **Risk of Loss**

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- **Market Risk.** Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- **Equity (Stock) Market Risk.** Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- **Company Risk.** There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- **Fixed Income Risk.** Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **ETF and Mutual Fund Risk.** ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.

- Management Risk. Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

### **Primary Recommend One Type of Security**

We do not recommend any specific security to clients. Instead, we recommend any product that may be suitable for each client relative to their specific circumstances and needs.

### **Item 9 – Disciplinary Information**

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our brochure.

### **Item 10 – Other Financial Industry Activities and Affiliations**

We are not and do not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- A investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

We are an independent registered investment advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment advisor representatives with us.

### **Accounting Services**

Our owners are associated with Arsement, Redd & Morella, LLC (“ARM”), an accounting and consulting firm providing audit, compliance and tax consulting services to clients. Robert J. Morella, our managing member and a representative, spends the majority of his time on accounting and consulting services. When providing accounting services, ARM may recommend that clients needing help with financial planning and investment services meet with Mr. Morella. In turn, we may refer clients needing assistance with accounting services to ARM. No solicitor/referral fees are paid or received for referrals. However, our owners have a financial incentive for referring clients to us since they receive a portion of the profits generated by the advisory services we provide. Except for Mr. Morella, the owners do not provide advisory services. Clients contracting for asset management services may receive free tax preparation services through ARM because of the management fees they pay to us.

Clients are not obligated to use either firm but if they do they are required to enter into a separate services agreement. Accounting and advisory fees are charged separately.

Charles J. Duchamp, one of our representatives, is the sole owner of Charles J. Duchamp, Ltd., a professional accounting firm. We may also refer clients needing accounting services to Mr. Duchamp and his firm, although clients are not obligated to use either his services or the services of his firm. If they elect to do so, accounting fees are charged separately.

#### **Limited Liability Company Affiliation**

One of our owners, John R. Redd III is the manager of a family owned investment-related limited liability company. Our advisory clients are not solicited to invest in this limited liability company.

### **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

#### **Code of Ethics Summary**

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisers to establish, maintain and enforce a Code of Ethics. We have established a Code of Ethics that applies to all of our associated persons. An investment adviser is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of clients at all times. We have a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics, which also covers our insider trading and personal securities transactions policies and procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons sign an acknowledgement that they have read, understand and agree to comply with our Code of Ethics. We have the responsibility to make sure that the interests of all clients are placed ahead of our or our supervised persons' own investment interests. We provide full disclosure of all material facts and potential conflicts of interest to clients prior to any services being conducted. We and our supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy is provided promptly upon request.

#### **Participation in Client Transactions and Personal Trading**

We, our owners or our associated persons may buy or sell for our personal accounts investment products identical to those recommended to clients. This creates a potential conflict of interest. It is our express policy that all persons associated in any manner with us must place the interests of clients ahead of our own when implementing personal investments. We and our associated persons will not buy or sell securities for our personal account(s) where our decision is derived, in whole or in part, by information obtained as a result of our employment unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by us are widely held and publicly traded.

## **Item 12 – Brokerage Practices**

You are under no obligation to act on our recommendations. If we assist in implementing recommendations, we are responsible for ensuring that you receive the best execution possible. Best execution does not necessarily mean the lowest price but includes the overall services received from a broker/dealer. You should understand that not all investment advisors require the use of a particular broker/dealer. There may be other platforms that are less expensive and may provide faster execution capabilities.

If you wish to use our asset management services, then you must establish an account at SEI Private Trust Company. SEI will then select the broker/dealer(s) through which it executes all trades.

In some instances, when we do not feel you are a candidate for our management services, we may recommend you use a local broker to assist you. We do not have any arrangements, relationships or affiliations with the referred broker. We provide these recommendations only to offer a resource to assist regarding implementing your plan. You are not under any obligation to act on our recommendations. We are not making these recommendations based on any due diligence performed by us, the services provided by the broker or the cost involved in working with the broker. It is solely up to you whether or not to work with the broker and it is your responsibility to determine whether the broker is the best fit for you.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Financial planning and consulting agreements terminate upon presentation of the plan or completion of the consultations and no reviews are conducted. However, we recommend that you have your financial situation reviewed and updated at least annually. If you elect to have this review and update, you must sign a new client agreement and additional fees are charged.

If you are a financial planning client, you do not receive any reports other than the plan originally contracted for.

If you establish an SEI account, you receive quarterly statements of Performance, Value and Activity from SEI Trust Company that provide all transactions in your Account for the quarter, a detailed analysis of your portfolio during the quarter, the fair market values of the mutual funds held in the portfolio and the portfolio's investment performance during the quarter. You also receive an Annual Tax Reporting Package.

## **Item 14 – Client Referrals and Other Compensation**

We may enter into agreements with unaffiliated solicitors (Referring Parties) to refer clients to us. If a client is referred to us by a solicitor, the solicitor provides the client with a copy of our Disclosure Brochure as required by Rule 204-3 of the *Investment Advisers Act of 1940*. The client also receives a copy of the solicitor disclosure statement containing the information set forth in Rule 206(4)-3 of the *Investment Advisers Act of 1940*. If a referred client enters into an investment advisory agreement with us, a referral fee is paid to the solicitor that can be either a one-time flat fee or a recurring fee based on a percentage of the annual advisory fee collected by us. The referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged for the advisory services provided. The referral agreements between Advisor and the solicitors are in compliance with regulations as set out in 17 CFR §275.206(4)-3 and the Rules under the *Investment Advisers Act of 1940*.

Please also see **Item 10, Other Financial Industry Activities and Affiliations**, for information concerning the referrals received from the accounting firm of Arsement, Redd & Morella, LLC.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. Because we are given authority to have fees deducted directly from client accounts, we are deemed to have custody of client funds and securities. This is the only form of custody that we have. However, despite this regulatory determination, we do not *maintain* custody of client funds and securities.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us.

### **Item 16 – Investment Discretion**

Our asset management services may be provided on discretionary basis. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. By executing the management agreement, you provide us with written authorization to exercise this discretionary authority. You can impose reasonable restrictions on management of your account. Discretionary authority is limited. With the exception of fees deducted by the custodian and paid to us, we do not have access to your funds and/or securities. In the account application you authorize the custodian (SEI Private Trust Company) to deduct the fees from your account and pay them directly to us.

When you sign the tri-party agreement (application) with us and SEI, you also appoint SEI to manage the assets in each Managed Account Portfolio in accordance with the strategy you select. SEI may delegate its responsibility for selecting particular securities to one or more portfolio managers. SEI selects the investment managers of the underlying mutual funds. SEI monitors the fund managers to ensure that their investment styles and performance remain consistent with the objectives of the mutual funds. SEI has sole responsibility to monitor the individual managers of the available funds and asset allocation portfolios to ensure compliance within the structure of each fund's objectives. SEI has full authority to add or delete a particular fund or asset class to their selected group of fund alternatives.

If management services are provided on a non-discretionary basis, we always contact you before implementing any transactions in an account. You must accept or reject our investment recommendations, including (1) the security being recommended, (2) the number of shares or units and (3) whether to buy or sell. Once these factors are agreed upon, we are responsible for making decisions regarding the timing of the purchase or sale and the price at which it is bought or sold. You should know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of implementing trades and we may not achieve the optimal trading price.

### **Item 17 – Voting Client Securities**

We do not vote proxies on your behalf. It is your responsibility to vote all proxies for securities held in your accounts.

### **Item 18 – Financial Information**

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

### **Class Action Lawsuits**

You retain the right under applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for you. We do not initiate such a legal proceeding on your behalf and do not provide legal advice to you regarding potential causes of action against such a security issuer and whether you should join a class-action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Moreover, our services do not include monitoring or informing you of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for you.