

Concorde Financial Resources, LLC  
1728 Winkler Street  
Wilkesboro, NC 28697  
March 31, 2011

## **MISSION STATEMENT**

The mission of Concorde Financial Resources (hereinafter referred to as “Concorde”) is to provide prudent, objective, and comprehensive financial advice solely in the best interests of our clients. As a fiduciary, Concorde has a duty to act with utmost integrity in serving each of our clients, in pursuit of their financial goals. Concorde’s Investment Advisory Policies and Procedures Manual contain a Code of Ethics which is available for inspection. Concorde’s governing principles are outlined below:

### **Integrity**

We will offer and provide professional services with integrity.

### **Objectivity**

We will be objective in providing professional services to clients

### **Competence**

We will provide services competently and maintain the necessary knowledge and skill to continue to do so in those areas in which the designee is engaged.

### **Fairness**

All professional services will be performed in a manner that is fair and reasonable to clients, partners, employees, and employers; and, disclose conflicts of interests in providing such services.

### **Confidentiality**

We will not disclose confidential client information without the specific consent of the client unless in response to proper legal process, to defend against legal or regulatory charges of wrongdoing, or in connection with a civil suit between the supervised person and client.

### **Professionalism**

Conduct in all matters shall reflect positively on the business entity and the profession.

### **Diligence**

We will act diligently in providing professional services. Diligence is the providing of services in a reasonable, prompt and thorough manner, including the proper planning for and supervision of the rendering of professional services.

## ADVISORY SERVICES AND FEES

Concorde provides investment supervisory services, general investment advice, and advice to clients not involving securities. Over 95% of advisory billings are related to the investment supervisory business. A small percentage of advisory revenues involve special projects, retirement plan reviews, and consultations. We engage prospective clients in a pre-advisory consultation to gain better insight into their individual circumstances, needs, risk tolerance, time frame, and objectives. From this discussion, we determine the appropriateness of an investment advisory relationship.

If an investment advisory relationship is recommended, we build a portfolio recommendation in the context of the comprehensive client circumstance. The advisory fee may include general financial advice: retirement planning, insurance reviews, tax advice and return preparation, 401(k) recommendations, education funding, and coordination of estate plans with qualified professionals.

Fees are calculated as a percentage of assets under management. Accounts are charged in advance for a three-month period based on the account balances. Accounts are debited for the appropriate fee and supported by a detailed invoice mailed to the client. If you have more than one account, we may debit only one account for the combined total balance of all of your accounts. For initial periods, the beginning balance and date range is described by the management contract. When an account is first placed under management, billing generally begins on the first business day of the following month, unless the account is open on the first business day of the month, in which case, billing begins on that day. In addition to our standard fees, you may incur other charges from other parties for clearing, custody, independent investment management, advisory services or other services that may be provided on an hourly basis. Specialty projects may be subject to additional charges.

If outside consultants are required for additional analysis and advice, the resulting cost will increase the amounts disclosed in the above fee schedule and will be payable directly to those outside consultants. The fee is determined by multiplying the market value of the account at market close on the last day of the billing period by the appropriate rate, which determines the fee for the following quarter. The fee schedule is as follows:

### Guidelines for Estimating Fee to Clients Household Assets\*

Quarterly Rate	From	To	Marginal Fee
.25	0.00	\$500,000.00	1% for First \$500,000
.2125	\$500,000.01	\$1,500,000.00	.85% on next \$1,000,000
.1625	\$1,000,000.01	\$3,000,000.00	.65% on next \$1,500,000
.14	3,000,000.01		.56% on remaining balance

Concorde defines a household as any number of people sharing a residence, *or*, members of the same nuclear family regardless of residence.

Concorde has established a minimum annual fee of \$1,000 per household. We recommend an account minimum of no less than \$100,000 dollars.

A client may terminate the management agreement within five business days of execution without penalty. After the five-day period expires, a client may terminate a contract by written notice and be charged a fee calculated upon the actual time spent to date of termination.

Assets deposited by a client into their management account between billing cycles will not result in additional management fees being billed to the client. For assets withdrawn by a client, Concorde does not make partial refunds of their management fees. Just as with deposits, withdrawals may require modifications and adjustments to be made in the account to correct the client's allocation of assets.

## **TYPES OF CLIENTS**

Concorde has registered financial advisors focused on assisting individuals and their families, trusts, estates, fiduciaries, charitable organizations, small businesses, and retirement plans (hereinafter referred to as the "client") manage their wealth and comprehensive financial plans. Our central duty is to provide investment counsel and guidance, which stresses fiscal responsibility and disciplined asset allocation strategies to meet client needs, goals, and risk tolerance.

## **TYPES OF INVESTMENTS**

Concorde Financial Resources has access to a comprehensive universe of investment vehicles in the marketplace. We will construct a portfolio based on the client's goals and risk tolerance, and monitor the portfolio using market measurement and analytical techniques. We will allocate investment assets among the following:

- Exchange-listed securities
- Exchange Traded Funds (ETF's)
- Over the counter traded securities
- Mutual fund shares
- Corporate debt securities (bonds)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Fixed annuities
- United States government securities
- Option contracts on securities
- Exchange Traded Limited Partnership Securities: Real Estate/Oil and Gas

Individual allocation strategies may use some or all of the above asset classes.

## **METHOD OF ANALYSIS, SOURCES OF INFORMATION AND INVESTMENT STRATEGIES**

### **Methods of Analysis**

Concorde's asset allocation process utilizes multiple asset classes. We analyze individual investments based on their potential contribution to the asset class in an attempt to meet or exceed the risk adjusted benchmark for each asset class. As example, mutual fund management is selected based on consistent performance that exceeds the asset class index or selected benchmark, within a desired risk level. We also employ cyclical analysis based on economic, interest rate, and market cycles.

### **Sources of Information**

Concorde relies on numerous financial websites and publications as well as independent research sources for information. Other sources may include, but are not limited to, company press releases, newspapers, magazines, books, rating services and other professional subscription services. On occasion, we will use material prepared by investment companies and research releases prepared by other research entities.

### **Investment Strategies**

Concorde implements strategies using long-term purchases (securities held at least one year) and, on occasion, short-term purchases (securities sold within a year). We employ strategic asset allocation strategies driven by client objectives within risk parameters. Tactical allocation strategies are often overlaid to enhance performance or reduce risk, based on cyclical factors such as interest rates, economic stage, or market trends. We do not believe that trading, market timing, or speculative options are in our clients' best interests.

## **EDUCATION & BUSINESS STANDARDS**

Any Investment Advisory Representatives retained by Concorde will be required to have earned a college degree and/or experience in areas which enhance knowledge and ability in investment and financial planning as well as the required examinations and qualifications to act as such. Concorde seeks to employ only individuals with unquestioned integrity and proper moral values.

## **BUSINESS QUALIFICATIONS AND BACKGROUND**

Concorde Financial Resources is a Limited Liability Company owned and managed by James C. Faw and Wade E. Sanders.

<b>Wade E. Sanders</b>	<b>Member/Manager</b>
Born 1954	
Practice	14 Years Professional Experience
Education:	Wake Forest University, BS, Cum Laude, 1977
Licenses:	CFP®, Series 7 and 66, NC Life, Health Insurance & Variable Annuity
Business:	09/2001 to Present    Concorde Financial Resources Member/Manager, Advisor

<b>James C. Faw</b>	<b>Member/Manager</b>
Born 1960	
Practice	23 Years Professional Experience
Education:	Gardner-Webb College, BS, 1989
Licenses:	CFP®, CPA, Series 7 and 24
Business:	11/2003 to Present    Benson, Blevins & Associates Associate 09/2001 to Present    Concorde Financial Resources Member/Manager, Branch Manager

<b>Thomas E. Jackson</b>	<b>Investment Advisor</b>
Born 1951	
Practice	36 Years Professional Experience
Licenses	Series 7, Series 24 Registered Principle
Education:	Winthrop University, BS, 1975
Business:	Interstate Johnson Lane – June 1981 – May 1998 Legg Mason – May 1998 to July 2000 Burkett Financial – July 2000 to December 2003 Concorde Financial Resources, LLC – January 2004

## **OTHER BUSINESS ACTIVITIES**

Jim Faw is also an associate of Benson Blevins & Associates, an independent CPA firm providing Tax and Accounting Services. He is also a shareholder and serves on the Board of Directors for Great State Bank, a local retail bank.

Tom Jackson serves on the Board of Directors for the Bank of York (SC) and is part owner of HJP, LLC, a timber and land development company.

Wade Sanders is a licensed insurance agent for life and health insurance, including annuities. He is a partner in Monarch Enterprises, LLC – a small real estate renovation company.

## **AFFILIATIONS**

Concorde utilizes Westminster Financial Securities, Inc as a broker/dealer registered with FINRA. Westminster is headquartered in Vandalia, Ohio. For some clients, Jim Faw prepares tax returns and other tax documents through Benson, Blevins, and Associates, an independent CPA firm based in N. Wilkesboro, NC. Concorde may also affiliate directly with an insurance provider or mutual fund company.

## **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

It is against Concorde policies for managers or employees to invest with a client or with a group of clients, or to advise a client or a group of clients to invest in a private business interest or other non-marketable investments. Concorde managers and employees are permitted to personally invest their own monies in stocks, bonds, investment company products and other publicly traded securities which may also be from time to time recommended to clients. Such investment purchases are independent of, and are not connected in any way to, investment decisions made on behalf of Concorde's clients. Personal trading activities conducted by Concorde's managers and employees are monitored to ensure that such activities do not impact upon client security or create conflicts of interest.

## **CONDITIONS OF MANAGEMENT**

Concorde Financial Resources does not impose a minimum dollar value of assets for starting or maintaining an account. However, a minimum \$1,000 annual fee is assessed, and Concorde strongly recommends that household assets under management be no lower than \$100,000 for cost efficiency.

## **REVIEW OF ACCOUNTS**

All accounts are reviewed in the context of the client's stated investment objectives, risk tolerance and client-specific guidelines, if applicable. Accounts are reviewed no less than quarterly, but can be triggered by unexpected position performance, market conditions, or changing client circumstances. Household assets are monitored by a portfolio management system that provides current and comprehensive information concerning account performance, asset allocation, and position performance. Clients receive quarterly reports for assets under management and a year-end summary that compares actual asset class performance to benchmarks.

## **DISCRETION**

Clients are given a choice as to Concorde's use of discretionary trading authority in managing their accounts. Under no condition is Concorde permitted to withdraw money

from client accounts, and, the nature of the fee-based (rather than commission-based) pricing model assures that preservation and/or growth of the account is a shared interest. As most account management is strategic and long term in nature, Concorde's methods involve client knowledge and approval prior to the execution of most trades. On occasion, time-sensitive opportunities arise to purchase a security in volume and spread among the discretionary accounts. Prudent risk management precludes a discretionary trade that would overly weight the position as a percentage of household assets. A large majority of the existing advisory clients have opted for Concorde's use of discretionary trading authority.

#### **ADDITIONAL COMPENSATION**

Concorde Financial Resources does not receive cash or other economic benefit including commissions, equipment and non-research services from a non-client in connection with providing investment management. We also do not compensate people or firms for providing referrals.