

# Firm Brochure

(Part 2A of Form ADV)

**June 14, 2011**

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St. Louis, MO 63119  
Phone number: 314-963-9336

This brochure provides information about the qualification and business practices of Saxony Capital Management, LLC. If you have any questions about the contents of this brochure, please contact Saxony Capital Management, LLC. at (314) 963-9336. 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 Saxony Capital Management, LLC is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

Registration does not imply a certain level of skill or training.

## Material Changes:

The following statement applies to the material changes since the last annual update. The date of the last annual update was: March 10, 2010.

Removed Cornerstone Managed Portfolios and Lockwood Advisors Portfolios from the ADV Part II. Cornerstone Select Advisors, LLC. and Lockwood Advisors, Inc are not managing assets for Saxony Capital Management, LLC.

Removed Privacy Policy

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## **Item 4. Advisory Business**

### **Firm Description**

Saxony Capital Management, LLC (SCM) is a Missouri company registered with the SEC as an investment adviser. SCM also maintains investment adviser registration in various other states as required by applicable law. SCM has been in business since September 2002.

### **Principal Owners**

The principal owner of SCM is Saxony Financial Holdings, LLC.

### **Types of Advisory Business**

SCM offers the following types of advisory services:

- 1. SCM - Asset Management Accounts**
- 2. Advisory Accounts**
- 3. 401K Managed Accounts**
- 4. Financial Planning**
- 5. Third Party Advisory Services**

Advisory Client's Account may be terminated at any time by SCM or Advisory Client by giving immediate written notice or verbal notice of such termination to the other party. In the event of termination, a pro rata refund of management fees prepaid by Advisory Client to SCM (less any charges or other expenses owed) will be made from the effective date of termination through the end of the then-current billing period.

#### **1. SCM - Asset Management Accounts**

The Asset Management Account offers asset monitoring, management and trade execution services to Advisory Client. The Asset Management Account will be charged an advisory fee, which covers investment advice, account monitoring and other services provided by SCM. Separate transaction charges will be charged by Saxony Securities, Inc. and received by Saxony Securities, Inc. for the execution of trades through Saxony Securities, Inc., a Broker-Dealer affiliated with SCM. (Principal trades on bonds will not exceed 2.50 per bond.) Advisory Client will grant discretionary authority to IAR to manage securities in the Asset Management Account. The securities include, but are not limited to, no-load mutual funds, mutual funds offered at NAV, stocks, bonds, options and eligible variable annuities. In consideration for handling and servicing the Asset Management Account, Advisory Client will pay to SCM a management fee on a quarterly basis, in advance, in accordance with the applicable schedule noted.

#### **2. Advisory Accounts**

IARs can manage assets which are held with TD Ameritrade. SCM, through the Advisory Account, offers asset monitoring, management and trade execution services to Advisory Client. The Advisory Account will be charged an advisory fee, which covers the investment advice, account monitoring and other services provided by SCM and the SCM Investment Advisor Representative (the "IAR"). IAR is also a registered representative of SSI. For servicing the Advisory Account, Advisory Client will grant IAR discretionary authority to purchase and/or sell shares of selected No-Load Mutual Funds and Mutual Funds offered at Net Asset Value (NAV) which are consistent with Advisory Client's investment objectives and risk tolerances as disclosed to SCM and SSI by the Confidential Advisory Client Profile (as Exhibit A in Client Agreement). IAR may also liquidate certain Load Mutual Funds previously purchased by Advisory Client. In addition, Advisory Client will grant discretionary authority to IAR to manage other securities in Advisory Client's Advisory Account, including, but not limited to, stocks, bonds, options (limited to purchasing puts and calls and writing covered calls) and eligible variable annuities.

#### **3. 401K Managed Accounts**

SCM, through the 401k Managed Account, offers asset management services to Advisory Client. The 401k Account will be charged an advisory fee, which covers the investment advice, account monitoring and other services provided by SCM and the SCM Investment Advisor Representative (the "IAR"). Investor agrees to utilize the services of the Advisor in an investment program using the mutual fund/annuity group list. Investor authorizes the IAR to effect conversions between the individual positions within the family of investments in accordance with the Buy/Sell signals from the Advisor. This includes the right of IAR to effect said conversions according to the fund/annuity guidelines, as well as the right to convert all or a portion of the Investor's account, at the discretion of

the IAR without notice to Investor. Fees may be charged by fund/annuity company for conversions. (Excluding trust accounts, ie: Datalynx) Investor recognizes that there is no assurance as to the accuracy of IAR's Buy/Sell signals and any market losses resulting from the timing of such signals are normal market risks and the risk of the Investor. Losses due to variations in the actual date of conversion or resulting from delays due to fund/annuity holding period or exchange restrictions are also borne by the Investor. Exchanges can be complicated, and SCM makes a best effort to perform these exchanges accurately, but will assume no responsibility for accounts which may exchange inaccurately. The undersigned, gives authorization for telephone, fax or internet access into accounts listed below for the purpose of making exchanges. SCM, is the Third Party Investment Advisor, and is herein granted any and all information on the referenced accounts. 403b accounts are also included in this section.

**INVESTMENT OBJECTIVE SELECTION:** Client authorizes the IAR to place UP TO the stated percentage in each category. The achievement of the stated investment objective is a long-term goal for this SCM 401k Account.

	<u>Conservative</u>	<u>Moderate</u>	<u>Growth</u>
Domestic Stocks	40%	60%	100%
Global/Intl. Stocks	40%	60%	100%
Corporate Bonds	60%	80%	100%
US Govt. Bonds	100%	100%	100%
Precious Metals	20%	50%	100%
Money Market	100%	100%	100%

(1) Income with Moderate Growth **\*\*Conservative\*\*** – with a low risk tolerance. Emphasis on current income with some consideration given to capital appreciation. The investment performance target for this objective is current income while at the same time achieving some growth. Advisory Client desires to maintain a high level of liquidity but is willing to accept the additional risk of modest fluctuations in the value of their principal.

(2) Growth with Income **\*\*Moderate\*\*** - with an average risk tolerance. Emphasis on modest capital growth with consideration given to producing some current income. The investment performance target for this objective is achieving growth in capital while at the same time producing some current income. Advisory Client using this approach desires a balanced portfolio which makes use of equity, fixed income and cash equivalents. Advisory Client is willing to accept moderate fluctuations in the value of their principal.

(3) Aggressive Growth **\*\*Aggressive\*\*** - with high risk tolerance. Emphasis on maximum capital appreciation. The investment performance target for this objective is to achieve the greatest growth in capital that is possible. Advisory Client using this approach has no need for income and is willing to accept the risks of significant fluctuations in the value of their principal. This objective is only suitable for Advisory Clients with long time horizons and who are willing to accept the highest level of risk to their principal.

#### **4. Financial Planning**

SCM does charge hourly or flat fees for financial planning. Planning is done for individuals only. The clients are sent an invoice either before or after the service is provided. The type of financial planning includes, retirement and investment planning. The minimum net worth for a client to participate for a plan is \$100,000.

##### **Retirement Planning**

- 1) Gather Suitability Information (Form required to be completed by client)
- 2) Complete Priority Planning Review (Form required to be completed by client)
- 3) Define goals and objectives
- 4) Calculate Net Worth
- 5) Evaluate current investments and life insurance, while determining risk, Will the current allocation meet the goals?
- 6) Determine expenses and income (current and future)
- 7) Propose to client a strategy for investments and a budget

##### **Investment Planning**

- 1) Gather Suitability Information (Form required to be completed by client)

- 2) Complete Priority Planning Review (Form required to be completed by client)
- 3) Define goals and objectives
- 4) Calculate Net Worth
- 5) Evaluate current investments and life insurance, while determining risk, Will the current allocation meet the goals?
- 6) Propose to client a strategy for investments and a budget

The following examples explain the payment and services for Financial Planning for each payment method, hourly or flat fee. A client/single individual may consider paying by the hour when a financial plan includes one of the following; retirement or investment planning. Since the amount of information required to be collected is limited to only one person, the amount of time devoted on the financial plan could be less, so the client may be better suited to pay hourly. This time allotted for the individual may be 2 to 3 hours. A flat fee financial plan is the other option for a client such as a married couple or family since their plan may have more components/information in the plan. The financial plan could include both retirement and investment planning. This plan may require more time to gather information since more than one individual is involved, so a flat fee payment may be a better option. The amount of time allotted on all meetings/information gathering/client education time could range from 4 to 6 hours. A fixed fee is determined by the client and the IAR at the time of the initial consultation. The client may terminate the agreement at any time. The following example shows how the flat fee for a more complex plan is determined for a family of four: Retirement Plan: Father and Mother - 3 hours Investment Planning: Father and Mother – 2 hours - Investment planning: Two children: 1 hour. Also included in this plan is the initial meeting, any additional calls or meetings before the final meeting, which at that time the financial plan is discussed.

SCM does offer consulting services for 529 Plans. The annual fee is 1%. Clients will be billed quarterly in arrears. The services include asset allocation, reallocation and annual review.

### **5. Third Party Advisory Services**

SCM maintains selling agreements with various other registered investment advisers to offer their advisory services. For detailed information, the Advisory Client should consult the separate disclosure brochure provided to them at account opening. SCM will perform the due diligence review on each third party adviser.

SCM advisor representatives refer clients to non-affiliated Investment Advisors to manage their clients assets. Investment Advisors include: Icon Advisers Inc, W.E. Donoghue & Co., Inc., Clark Lanzen Skalla Investment Firm, LLC, Geovest, Nationwide, OCCAM, PTS Asset Management, GE Private Asset Management, Inc., BTS Asset Management, Inc., AssetMark Investment Services, Inc., Bellatore Financial, Inc. Curian Capital, LLC. and Hanlon Investment Management, Inc.

### **Assets Under Management**

SCM total assets under management as of December 31, 2010 was \$58,257,461. Of this amount \$23,896,095 are discretionary and \$34,361,366 are nondiscretionary.

## **Item 5. Fees and Compensation**

### **1.SCM - Asset Management Accounts**

Option 1: This fee arrangement will include transaction charges, if applicable, for trades executed in Advisory Client's Asset Management Account. SCM's fees may be higher than fees normally charged in the industry and that other investment advisers may provide the same or similar services for a lower fee.

<u>Portfolio Value</u>	<u>Maximum Fee</u>
First \$125,000 - \$500,000	2.30%
Next \$500,000	1.90%
Next \$1,000,000	1.60%
Over \$2,000,000	1.30%

There is a Transaction charge of \$20.00 and a \$8.95 confirm fee on Mutual Fund Class Shares B and C. Other additional fees may apply.

Option 2: This fee arrangement will not include transaction charges (noted below), if applicable, for trades executed in Advisory Client's Asset Management Account.

<u>Portfolio Value</u>	<u>Maximum Fee</u>
First \$100,000	2.00%
Next \$150,000	1.75%
Next \$250,000	1.50%
Next \$250,000	1.25%
Next \$250,000	1.00%
Over \$1,000,000	.75%

Service (Confirmation) Charge: \$8.95 (Option 2 only)

Transaction Charges (Option 2 only)

In addition to the advisory fees noted above, the Asset Management Account will be assessed applicable transaction charges from the following schedule:

Equities: \$20, plus \$.01 per share

Options: \$20, plus \$1.00 per contract

Fixed Income: \$45

Listed Corporate Bonds: \$45

Load Mutual Funds: \$25

No-load Mutual Funds: \$25

Exchanges: \$20 if same fund family- (Postage and handling fees may apply)

Unit Investment Trust: \$35

Minimum account size is \$50,000. Fees are negotiable with each client.

Advisory Client may make additions to the Asset Management Account at any time. If assets in excess of \$10,000 are deposited into the Asset Management Account after the inception of a quarter, the fee payable for that quarter with respect to such assets will be prorated based on the number of days remaining in the quarter. No fee adjustment will be made for partial withdrawals within a billing period or for the appreciation or depreciation in the value of the Asset Management Account during any quarter.

Option 3: Commission Accounts: Clients have the option of choosing commission accounts with no advisory fees. The account will be custodied at Pershing, LLC. Advisory Client may make additions to the Asset Management Account at any time.

It shall be deemed a violation of Rule 2440 (as well as Rule 2110) for this firm to enter into any transaction with a customer in any security at any price not reasonably related to the current market price of the security or to charge a commission which is not reasonable.

Minimum account size is \$50,000. Commissions are negotiable with each client. Service (Confirmation) Charge: \$8.95 There is an additional paper surcharge of \$1.45 for both statements and confirms which is sent to the client for Options 1, 2 and 3. Clients may avoid this charge by receiving electronic statements. To enroll they can contact their Investment Advisor Representative or request through [www.mydocumentsuite.com](http://www.mydocumentsuite.com).

## **2. Advisory Accounts**

This fee arrangement will not include transaction charges, if applicable, for trades executed in Advisory Client's Advisory Account. The Advisory Account will be assessed any applicable transaction charges as set forth in SCM Form ADV, Part II. Fees are negotiable with each client.

<u>Portfolio Value</u>	<u>Maximum Fee</u>
First \$100,000	2.00%
Next \$150,000	1.75%
Next \$250,000	1.50%
Next \$250,000	1.25%
Next \$250,000	1.00%
Over \$1,000,000	.75%

#### Trading Commissions-Equities (Market and Limit Orders):

Transaction type: Online - \$9.99 (Clients with a household value of \$500,000 or more, OR clients who receive electronic statements and confirms)

Transaction type: Online- For stocks \$1 per share or over; \$16.99 per trade up to 1,000 shares; \$16.99+\$0.01 per share for each share above 1000. For stocks less than \$1 per share: \$16.99. (Clients with a household value of less than \$500,000 AND who receive paper statements and confirms)

Offline-Broker assisted: \$0.01 per share with \$45.00 minimum

#### Trading Commissions- Mutual Funds:

No-Transaction-Fee Funds (NTF): No Commission

#### Transactions Fee Funds

Online \$24.00 Clients with a household value of \$500,000 or more OR clients who receive electronic statements and confirm.

Online \$31.00 Clients with a household value of less than \$500,000 AND who receive paper statements and confirms.

Offline: Broker Assisted \$45.

### 3. 401K Managed Accounts

Advisory Client along with their IAR will determine the SCM management fee structure to be applied to the 401k Account. In consideration for handling and servicing the 401k Account, Advisory Client will pay to SCM a management fee on a quarterly basis, in advance, in accordance with the schedule set forth below. Fees are negotiable. The management fee will be charged as a blended rate (i.e. as the portfolio value reaches various thresholds, as set forth below, the assets above each threshold will be charged successively lower advisory fees). This fee arrangement will not include transaction charges, if applicable, for trades executed in Advisory Client's 401k Account.

<u>Portfolio Value</u>	<u>Maximum Fee</u>
First \$100,000	2.00%
Next \$150,000	1.75%
Next \$250,000	1.50%
Next \$250,000	1.25%
Next \$250,000	1.00%
Over \$1,000,000	.75%

SCM shall not be directly compensated by performance fees on the basis of capital gains or capital appreciation of the funds or any portion of the funds of Advisory Client held in the 401k Account. Payment of the fee shall be as follows: An initial management fee will be due upon acceptance of this Agreement and will be based upon the opening value of the 401k Account. The initial fee will be prorated to cover the period from the date that the 401k Account is opened through the end of the current calendar quarter. For every quarter after the period covered by the initial management fee, quarterly management fees will be due and assessed on the first day of each calendar quarter. The quarterly management fees will be calculated based on the portfolio's fair market value on the last business day of the preceding calendar quarter, which will include the deposit of any funds or securities in the 401k Account during that quarter. SCM will mail to Advisory Client a bill for fees due. Advisory Client agrees to verify the accuracy of the management fee calculation reported to Advisory Client. Fees are calculated by using the following formula:

Portfolio value at the end of quarter x Fee % / 365 x Days in quarter = Total fee amount

### 4. Financial Planning

The hourly rate is \$250 per hour or a flat fee of \$1500. Fees are negotiable. Clients will be billed for services.

## **5. Third Party Advisory Services**

Under these agreements, SCM will act as solicitor whereby an Advisory Client is referred to a third party adviser who will provide advisory services. The fees and terms of the Advisory Client's relationship with the third party adviser and SCM will vary depending on which third party program is selected. The fees are billed directly from the client's account, quarterly, and paid to SCM, and SCM will then pay the advisor.

Fees are deducted directly from the client's accounts. The only program which clients are billed directly is the 401k program. Fees are deducted or billed quarterly in advance. It should be noted that all mutual funds and ETF's (Exchange Traded Funds) used by SCM, including no-loads, have a management fee that is paid to the fund manager. As a result, SCM clients will incur two layers of fees - the first, to SCM for investment advisory services, and the second to the fund manager.

The client may receive a pro-rated refund for terminating the agreement before the end of the quarter by contacting their advisor. The fee refund is as follows:

Portfolio value at the end of day x Fee % / 365 x Days remaining in quarter = Total fee amount

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

SCM does not charge performance-based fees or engage in side-by-side management.

## **Item 7. Types of Clients and Account Minimums**

The types of clients which SCM provides investment advice to are, individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations. The required minimum amount of assets that may be managed is \$50,000. At its discretion, SCM may accept accounts below this minimum.

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

### **Methods of Analysis and Investment Strategies**

SCM security analysis methods include Charting, Fundamental, Technical, and Cyclical analysis. (See definitions below.) The main sources of information used by SCM are financial newspapers and magazines, research materials, (prepared by others), corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission and press releases. The investment strategies used to implement any investment advice include, long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), margin transactions, option writing, including covered options, uncovered options, or spreading strategies. Portfolios are tailored to each individual. There are no specific strategies which clients can participate in.

#### **Charting Patterns:**

A price chart is a sequence of prices plotted over a specific time frame. Charts are used to analyze a wide array of securities and forecast future price movements. A graphical historical record makes it easy to spot the effect of key events on a security's price, its performance over a period of time and whether it's trading near its highs, near its lows, or in between. The period of time used may be intraday, daily, weekly, monthly, quarterly or annual data.

#### **Fundamental Analysis:**

The analysis of financial statements, such as balance sheets, income statements, the general financial health of companies, as well analysis of management and the firms competitive advantages.

#### **Technical analysis:**

The use of historical prices of individual stocks and indexes in order to understand performance and timing for indications of purchases or sales of a particular security or index. The most common data used is price and volume.

#### **Cyclical Analysis:**

Recognizing repeating conditions of business cycles to find favorable conditions for buying and/or selling a security. Economic growth and economic recessions determine the direction of a securities price.

### Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future results.

### **Item 9. Disciplinary Information**

Neither SCM nor its management have been subject to legal or disciplinary events that are material to a client's or prospective client's evaluation of SCM's advisory business.

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

#### Other Financial Industry Activities

SCM recommends other investment advisers to clients. All compensation is received directly from other investment advisers and is disclosed to the client.

Associated persons of SCM may also be registered representatives of SSI and/or may also be registered representatives of PCM. As such, these representatives may effect securities transactions for their brokerage clients which may be received in addition as compensation. Associated persons may split fees with other associated persons of SCM. SCM representatives may receive a wholesaling fee from Patrick Capital Markets, LLC., if they are registered with Patrick Capital Markets, LLC.

#### Affiliations

SCM is affiliated with Saxony Securities, Inc.(SSI), (CRD # 115547) & Patrick Capital Markets, LLC, (PCM), (CRD # 16518), both fully disclosed securities broker-dealers. Saxony Securities, Inc. clears accounts through Pershing, LLC. In addition, SCM is affiliated with Saxony Insurance Agency, LLC, a fully disclosed limited liability company, registered with the Missouri Insurance Division. The following management persons are dually registered with Saxony Securities, Inc.; Richard E. Griffard, President and Mark Thompson, Chief Compliance Officer. Richard E. Griffard and Mark Thompson education and business background can be found on the Supplemental ADV Part 2B form.

### **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### Code of Ethics

SCM has adopted a Code of Ethics pursuant to SEC Rule 204A-1.

#### Participation or Interest in Client Transactions and Personal Trading

Persons associated with SCM may on occasion buy securities which are recommended to their advisory clients. These securities are widely held and publicly traded. SCM requires all of its IARs to keep records of every securities transaction in which he/she has or acquires any direct or indirect beneficial ownership. For these purposes, IAR is defined as any partner, officer or director of the adviser and any employee who obtains information about securities recommendations, any control person or affiliated person of control person; and any affiliate of such affiliated person. The record indicates the name of the security, the amount of investment, the date and nature of the transaction, the price, and the name of the broker-dealer or bank through which the transaction was effected. The record of these transactions are recorded no later than 10 days after the end of the calendar quarter in which the transaction was effected. SCM maintains a policy such that persons associated with SCM may not trade to the disadvantage of the Advisory Client.

This Code establishes rules of conduct for all supervised persons of SCM and is designed to, among other things, govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that SCM and its employees have a fiduciary duty to SCM's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by SCM continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee and supervised person.

A copy of the Code of Ethics is available upon request.

#### **Item 12. Brokerage Practices**

##### **Selecting Brokerage Firms and Soft Dollars**

SCM does not select or recommend clients to broker dealers. SCM does not utilize soft-dollars and SCM does not permit a client to direct brokerage.

##### **Aggregate Orders/Block Trading**

SCM's policy is to block client transactions where possible and advantageous to the client. In these instances clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the event transactions for an adviser, its employees and/or principals are aggregated with client transactions, the adviser, employees and/or principals will not receive a better price than the client.

##### **Trade errors**

If the error is the responsibility of SCM, any client transaction will be corrected and SCM will be responsible for any client loss resulting from an inaccurate or erroneous order. If the error by representative or employee results in a gain, the firm will keep the gain. If the result of a trade error made by a client, then the gain will be kept by SCM, but the Compliance Officer and/or management may make an exception and allow the client to keep the gain.

#### **Item 13. Review of Accounts**

Financial plans are reviewed and approved (as needed) before submitted to client by Mark Thompson, Chief Compliance Officer. In addition, Mark Thompson reviews client accounts with SCM at different times for various reasons:

- Daily - to ensure accurate trade execution, distributions (if applicable) and miscellaneous trade activity.
- Monthly/Quarterly - proper billing and registration.
- Annually -to ensure investment objectives are being met.
- Miscellaneous - per client instruction, or with change in investment objectives.

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

##### **Referrals to Other Investment Advisors**

In accordance with the SEC Regulation 275.206, the Adviser pays a referral fee at a negotiated rate to registered broker/dealers, investment advisers or sales representatives in accordance with the terms of a written Solicitor Agreement and after execution of a written referral fee disclosure statement by each client in respect of such persons. Applicant's referral agreement is in compliance with the federal regulations as set out in 17 CFR Section 275-206 (4)-3, and in each state where state law requires. Each client is given a copy of the solicitor agreement prior to or at the time of entering into any advisory contract.

##### **Other Compensation**

Associated persons of Advisor may receive 12b-1 distribution fees in connection with placement of client funds. Advisor may receive additional compensation for referrals if Client transacts business with certain advisors. In such cases, the Client shall be informed of any fees received, which may be in addition to any financial planning, consulting and investment advisory fee(s) paid by the Client.

#### **Item 15. Custody**

##### **Account Statements and Performance Reports Pershing LLC. and TD Ameritrade**

Advisory Clients with an SCM Asset Management Account will receive at least quarterly an account statement, monthly if there is any activity, and a quarterly performance report generated by Pershing, LLC. The performance reports are in addition to brokerage statements which are generated. Investors participating in Advisory Accounts with TD Ameritrade will receive monthly account statements from TD Ameritrade.

##### **Third Party Advisory Services**

Investors with 401k, and Third Party Advisory Accounts will receive statements at least quarterly. If the investments are in variable annuities then statements will be sent quarterly.

#### **Item 16. Investment Discretion**

Advisory Client will grant investment adviser representative discretionary authority to purchase and or sell shares of selected no-load mutual funds and mutual funds offered at NAV. In addition, discretionary authority is granted by Advisory Client to manage other securities, including, but not limited to stocks, bonds, options (limited to purchasing puts and calls and writing covered calls) and eligible variable annuities. The client must sign the SCM Client Agreement in order to give discretionary authority to the advisor.

#### **Item 17. Voting Client Securities**

SCM does not have the authority to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent. Clients can contact SCM with questions about a particular solicitation. Pershing, LLC. and TD Ameritrade mails out to the clients their proxies or other solicitations. Clients may contact us with questions about a particular solicitation.