

# DISCLOSURE BROCHURE

PREPARED IN COMPLIANCE WITH  
THE INVESTMENT ADVISERS ACT OF 1940 RULE 204-3(A)

Palm  Investment Strategies, LLC

**CROSSPLAN**  
Money Management

each day, an opportunity...™

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SEC #: 801-69084

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This Disclosure Brochure provides information about the qualifications and business practices of CrossPlan® Money Management, which should be considered before becoming a client. Please contact Mr. John R. Palm if you have any questions about the contents of this brochure.

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator.

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## Material Changes

There are no material changes to report. This Disclosure Brochure has been reviewed and is current as of the date indicated on the cover.

# EXECUTIVE

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## S U M M A R Y

### Mission Statement

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The mission of CrossPlan® Money Management<sup>1</sup> is to simplify the vast complicated web of investment options that are increasingly being affected by today's global financial market place. We maintain one overall objective – structure and implement investment strategies designed to maximize wealth, maintain investment expectation and minimize risk.

### Business Focus

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CrossPlan® Money Management (hereinafter referred to as “the Company”, “we”, “us” and “our”) is a Registered Investment Advisor<sup>2</sup> that offers personalized investment management services uniquely tailored to address each client's monetary needs today, tomorrow, and in the future. Our investment services are directed to the needs of individuals and their families, business owners and entrepreneurs, trusts, estates and charitable organizations by employing:

- ❖ **Capital Appreciation Strategies** – Active investment management designed to yield superior investment returns that perform well in the current economic environment.
- ❖ **Capital Preservation Strategies** – Balanced investment management designed to produce consistent, stable investment returns that do not fluctuate wildly with daily changes in the financial markets.
- ❖ **Retirement Living/Tax Implication Strategies** – Income producing investments designed to capitalize on investment returns that yield either a low tax base income or are tax exempt.

In accomplishing a client's investment objectives we will: (i) create tailored investment solutions; (ii) implement the designed investment strategies, or match the investment needs of the client with a selection of internally managed programs under CrossPlan® Money Management and/or a group of third-party money managers (“Portfolio Managers”) or mutual funds for investment management, asset allocation and timing services; and, (iii) monitor the investment performance of such management strategies and/or Portfolio Managers.

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<sup>1</sup> CrossPlan® Money Management is the d/b/a name for Palm Investment Strategies, LLC.

<sup>2</sup> The term “Registered Investment Advisor” is not intended to imply that CrossPlan® Money Management has attained a certain level of skill or training. It is used strictly to reference the fact that we are “Registered” as an “Investment Advisor” with the United States Securities and Exchange Commission – and with such other regulatory agencies that may have limited regulatory jurisdiction over our business practices.

## Developing Investment Parameters

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Successful investment management and counsel can be difficult to achieve if a client cannot project a clear picture of his or her investment parameters; and with today's global markets this can be very critical.

We develop a client's investment parameters through a series of meetings and interviews to define their individual financial needs. In these meetings and interviews we will have each client complete profile questionnaires<sup>3</sup> and respond to questions about their return expectations, economic outlook, prior investment experience, goals and objectives, and a preferred approach for meeting such goals and objectives. However, if the client has difficulty expressing their investment parameters or does not truly have a grasp of his or her overall personal finances, a financial plan may be suggested to the client before proceeding with any investment services.

Consultations with clients help us:

- ❖ Define and narrow the client's objectives and investment options;
- ❖ Stimulate creative thinking;
- ❖ Identify areas of greatest concern;
- ❖ Create a unique picture of the client's overall financial personality; and,
- ❖ Provide an effective and efficient way to address each client's unique financial needs and objectives.

The time we invest with each client helps us eliminate much of the guesswork in achieving the financial security that he or she desires. In addition, the time we invest with each client on the front-end solves problems, eases their concerns about the future and cultivates peace of mind.

Our desire is to gather enough information about each client to get an understanding of his or her unique investment personality before we perform any investment services. Once the investment parameters have been established, we will prepare a written assessment that lays out the best strategic investment plan. This written assessment, developed from our consultations with each client, defines for the client how we plan to address their investment objectives and parameters. It is also used as a guideline and as a standard against which to measure future results and to make modifications where necessary.

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<sup>3</sup> The profile questionnaires we use are important tools in gathering information about each client's investment methodology, risk tolerance, income/tax bracket, liquidity, time horizons, etc. If a client elects not to answer the questionnaires or chooses to respond with limited input, it is possible that we could operate in a handicapped capacity. Therefore, if a client desires the most effective and accurate recommendations regarding their asset managed accounts, they should make every effort to provide us with their detailed personal needs and objectives, along with detailed financial and tax information.

# INVESTMENT

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## S E R V I C E S

As our U.S. financial markets continue to evolve to address the demands of a growing global economy, the need for an investment professional familiar with complicated investment products and risk management strategies that thrive in such an economic environment becomes paramount. Conventional “buy-and-hold” investment strategies do not take these evolutionary changes into consideration and, therefore, are not designed to reduce exposure to market declines if left unchecked. This can lead to devastating results in a client’s investment portfolio.

We feel that because of these evolving dynamics in the financial markets, a more proactive approach to investment management is necessary to achieve the long-term returns a client desires. With every managed account we will construct a customized portfolio suited to each client’s investment needs and constantly monitor the portfolio using market measurement and analytical techniques to evaluate market trends and economic cycles.

## Investment Methodology

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The cornerstone of our money management approach is technical analysis. Fundamental research tells what ought to happen, while technical research tells us what is happening and indicates the future probabilities. Technical analysis, and in particular the law of supply and demand, gives us the discipline to make timely purchases and sales. Some of the research tools we utilize are as follows:

- ❖ **Offense or Defense** – CrossPlan® uses technical market indicators based on the irrefutable law of supply and demand to determine whether offense or defense is dictated. These indicators have been in existence for almost forty years.
- ❖ **Relative Strength** – In our analysis, relative strength plays a very important role. The relative strength charts will typically lead us to investments with a higher probability of outperforming the market.
- ❖ **Top-Down Approach** – We use our primary market indicators to get a measure of overall risk. We then analyze our broad industry sectors to determine which sector or sectors are in favor.
- ❖ **Momentum** – This is the theory that the previous period’s winners carry their momentum for a period of time in the future. This research is used in selected CrossPlan® portfolios.

There is always a time to buy and a time to sell even the most attractive security; we do not feel compelled to be fully invested in stocks when an alternative investment (cash reserves) offers a more attractive opportunity. In fact, it is our belief that avoiding severe losses is more important in determining overall market performance over the course of an entire market cycle.

## CrossPlan® Investment Programs

The Company's tailored investment strategies focus on matching the client's defined investment parameters with a portfolio style designed to meet the client's goals and objectives, risk tolerances and time frames. Such investment strategies may or may not include a combination of the following programs depending on the client's qualifications.

### CROSSPLAN® SECTOR PROGRAM

#### Sector Momentum

**OBJECTIVE** – The Sector Momentum program is for investors who seek an investment strategy of rotating between sectors based on technical and fundamental research. The programs provide an active approach to managing a portion of the client's portfolio using the investment vehicle of Exchange Traded Funds (ETF's) or sector specific mutual fund shares.

Industry and broader sector trends have become some of the most important factors to enhance relative performance of a portfolio. This program buys and then holds different sectors using a price momentum strategy and then strategically employing hedging techniques. Price momentum rational is that the previous quarter's winners carry their momentum into the next quarter.

**MANAGEMENT FEE** – The program seeks to provide the client with long-term capital appreciation through an actively managed portfolio of sector ETF's or sector mutual funds.

Investment Type:	Separately Managed Account
Style:	Actively Managed – Strategic and Disciplined
Account Minimum:	\$25,000.00
Fees:	2.00% per year (billed quarterly)
Key Benefits:	Sector exposure with risk management

**INVESTMENT PROCESS** – The price momentum model is purely mechanical, allowing no subjectivity in trading decisions. 70% of the portfolio is dedicated to this sector strategy. The remaining 30% may utilize specialized securities designed to magnify (and in some cases produce inverse of) the performance of various market indexes such as the Standard & Poor's 500 Index or the NASDAQ 100 Index. Additional description of this investment process:

1. Identify 5 top-ranked sectors with best relative price performance over a 3 month period.
2. Purchase sector ETF or sector mutual fund shares in an attempt to replicate performance of the top-ranked sectors.
3. Equally weigh the selected 5 sectors.
4. Review rankings every 90 day period and repeat the process.
5. Hedge the portfolio of sectors, if necessary, as described below.

**HEDGING** – Hedging is an important, if not vital, part of this portfolio. Hedging is a strategy that attempts to reduce risk of a portfolio by making investments that are expected to perform differently than each other. Hedging will take place when the long-term bullish percents reverse down from above 70% level. In the case of this portfolio, inverse correlation mutual fund shares will be used during these periods. While hedging is a strategy that attempts to reduce risk, it is important to understand that inverse correlation funds will experience loss when benchmark indexes rise.

## CROSSPLAN® RELATIVE STRENGTH (RS) ALLOCATION

### RS Asset Allocation

**OBJECTIVE** – Relative strength is a tool that keeps us focused in the right area of the market at the right time. We think of the relative strength almost like a funnel of money flow. As the stock is outperforming a particular index, money is flowing more heavily toward that equity than that of the broader market. Likewise, if the stock is underperforming in comparison to an index, the equity has money flowing at a slower rate into the equity versus the general market.

A stock that displays improving relative strength versus the market or a corresponding sector index may be on the verge of an aggressive move to the upside. Conversely, a stock that begins to show weakness relative to the market or its peers may be poised for a breakdown.

**MANAGEMENT FEE** – The program seeks to provide the client with long-term capital appreciation through an actively managed portfolio of sector ETF's or mutual funds.

Investment Type:	Separately Managed Account
Style:	Active Asset Allocation based on Relative Strength
Account Minimum:	\$100,000.00
Fees:	2.20% per year (billed quarterly)
Key Benefits:	Active management of asset classes

**INVESTMENT PROCESS** – There are seven different levels to the investing program and each level addresses a different market category. For instance, level one is comparing the relative strength of the S&P 500 on a cap weighted basis to an equal weighted basis to determine the best place to be. Level two compares small, mid and large cap stocks. The system keeps working down to alternative investments, includes a cash component, which can reduce equity exposure when the indicators are negative.

1. Broad Market = Equal Weight – Cap-Weight
2. Capitalization = Large – Mid-Small
3. Style = Value – Blend – Growth
4. Sectors = 10 Broad Sectors
5. Global = Emerging – Europe – U.S. – Latin America – Far East
6. Fixed Income = Short – Medium - Long
7. Alternative Investments = S&P – Inverse S&P – Cash - Commodities

**MAINTENANCE** – If a change is made in the group that is favored, sell the current holding and replace it with the new favored area for each level.

### RS Asset Allocation for Retirement Plans

The Company offers similar services for Retirement plans with a fee of 1.20% per year (billed quarterly).

## CROSSPLAN® INDIVIDUAL STOCK OR BOND PORTFOLIOS

### Customized Fixed Income Accounts

**OBJECTIVE** – A fixed income account focuses on investment grade corporate fixed income securities; however the manager does have the flexibility to invest in other asset classes in order to add value. The average duration and/or laddering of investments are customizable and therefore the account has a high minimum investment.

The ladder portfolio provides higher current income, greater safety through diversification, built-in liquidity, dramatically improved predictability of future income, and the ability to automatically adapt to a changing interest rate environment, usually on the very best terms available. The ladder portfolio approach does all this, without requiring the investor to forecast future interest rates or to make complicated re-investment decisions.

**MANAGEMENT FEE** – The program seeks to build a portfolio of fixed income investments for conservative investors or investors in need of current income.

Investment Type:	Separately Managed Account
Style:	Fixed Income
Account Minimum:	\$500,000.00
Fees:	1.50% per year (billed quarterly)
Key Benefits:	Conservative

#### INVESTMENT PROCESS –

1. Choose an appropriate average term. This should be the length of time over which the income from the client's portfolio needs to be highly predictable.
2. Calculate the longest maturity to be used in the portfolio. In a portfolio where each individual position will be approximately equal in size and spaced at even intervals apart, then the longest term instrument to be included would be roughly twice as long as the average term.
3. Determine how many positions to use (i.e. how many steps on the ladder). The more positions to be used, the shorter the intervals between each maturity date, and hence the smoother the transition from one interest rate environment to the next.
4. Adhere to a re-investment rule. In order to ensure that the ladder portfolio retains the same average term over time, each time an issue matures the proceeds should be re-invested out at the longest acceptable term as determined in Step 2 (i.e. at the top of the ladder).

### Dividend & Growth

**OBJECTIVE** – The Dividend & Growth Portfolio is a separately managed account of individual, dividend paying stocks. This portfolio is highly customizable and therefore has a high minimum investment.

To stay ahead of rising costs and taxes, you have to grow your assets over time. History has shown that one of the best ways to do this is by investing in stocks. The Company's Dividend & Growth Portfolio seeks to invest in stocks that provide income through dividends. Stocks that pay dividends can be less volatile than stocks that don't because investors are more inclined to hold onto income-paying stocks through down markets.

In addition, clients have the option of receiving dividends in a monthly income check from the account or reinvesting dividends. Reinvested dividends tend to boost total returns.

**MANAGEMENT FEE** – The program seeks to produce income with the potential for capital growth. Special emphasis is placed on capital preservation as an investment objective.

Investment Type:	Separately Managed Account
Style:	Actively Managed – Individual Securities
Account Minimum:	\$500,000.00
Fees:	1.50% per year (billed quarterly)
Key Benefits:	Income plus potential for growth

**INVESTMENT PROCESS** – 75% to 85% of the account will hold 25 – 35 dividend paying securities. Securities are chosen based on fundamental research. Unless the fundamental picture changes, stocks will be held long-term. Additionally, risk management based on technical analysis may be used as a “sell discipline” when stock charts break major support levels or have major trend changes. Stocks may be worked into and NOT all bought immediately in order to attempt get positive risk versus reward entry points. Stocks will be monitored each week and/or upon news, fundamental data, or technical alert. Initial position in each stock will represent between 3% to 5% position of the total portfolio.

### All-Cap Value - Concentrated

**OBJECTIVE** – The All-Cap Value Portfolio is developed using a concentrated, value strategy. The strategy is not a traditional or diversified value approach. Rather, the stock selection process is *top down with special focus on relative strength*.

**MANAGEMENT FEE** – The program seeks to uncover the greatest values within those areas of the market that are currently exhibiting relative strength. The number of equities is finally pared to 10 – 15.

Investment Type:	Separately Managed Account
Style:	Concentrated Positions in Value Equities
Account Minimum:	\$100,000.00
Fees:	2.50% per year (billed quarterly)
Key Benefits:	Owning a portfolio of stocks that are “on-sale”

**INVESTMENT PROCESS** – The investment process hinges on the discovery of “out of favor” stocks that preferably generate dividend yields. No more than a 7% initial position will be taken in each stock. A fully invested portfolio will hold approximately 10-15 names. From time to time specialized securities may be used which are designed to magnify (and in some cases produce inverse of) the performance of broad market indexes.

### Customized Portfolios

**OBJECTIVE** – Customized portfolios are constructed on an individual basis with varying levels of involvement and participation from the client depending upon their interest.

**MANAGEMENT FEE** – The program seeks to accumulate wealth and preserve capital using a top down research methodology.

Investment Type:	Separately Managed Account
Style:	Customized
Account Minimum:	\$100,000.00
Fees:	2.20% per year (billed quarterly)
Key Benefits:	Creates a personalized portfolio with the Company

**INVESTMENT PROCESS** – These accounts are individually managed and invested based on research derived from point & figure technical analysis. This is accomplished through a top down research methodology that begins with an evaluation of market risk as measured by the long-term bullish percent indicators. These indicators are based on the law of supply and demand and have been in existence for more than forty years. The first step in the investment process determines what amount of the account should be put to work in an invested position. After this step, sectors are screened and chosen using trend, momentum and relative strength indicators. Finally, equities, ETF's or mutual funds are used to implement the desired and appropriate investment position.

### Trading

**OBJECTIVE** – The Trading portfolio is designed to offer enhanced equity growth and income performance using an aggressive management strategy.

**MANAGEMENT FEE** – The program seeks to calculate risk and probability with the overall objective being to preserve asset growth while, at the same time, participating with the potential appreciation of the market.

Investment Type:	Separately Managed Account
Style:	Aggressive Growth through active trading
Account Minimum:	\$200,000.00
Fees:	4.00% <sup>4</sup> per year (billed quarterly)
Key Benefits:	Potential for non-correlation to indexes

**INVESTMENT PROCESS** – This strategy is designed for investors who can tolerate above average risks in order to seek unusually high returns. This account can utilize various aggressive tools including margin, market timing, sector fund selection, concentrated equity positions, and specialized securities designed to magnify (and in some cases produce inverse of) the performance of various market indexes such as the Standard & Poor's 500 Index or the NASDAQ 100 Index. This strategy may not be tax efficient and is best implemented in qualified accounts such as IRA's.

## Third-Party Management Accounts

Clients can also engage the Company to manage portfolio accounts through either ADVISORport, Inc., Trade-PMR Money Manager, or Gilder, Gagnon, Howe & Co., LLC<sup>5</sup> (hereinafter the "Portfolio Manager"). These Portfolio Managers, under our direction, will implement the investment management and asset allocations that best fits the client's investment criteria.

The Portfolio Manager may have little or no direct client contact, relying instead on our pre-qualification as directed through the Investment Policy Statement. We will perform such qualifying analysis together with performing certain professional, administrative and clerical duties prior to opening accounts with a particular Portfolio Manager.

<sup>4</sup> The "CrossPlan® Trading" fees are typically higher than those fees charged by other investment advisors. Therefore, it is possible that the client might be able to contract for similar services elsewhere or separately with greater performance at lower costs.

<sup>5</sup> Gilder, Gagnon, Howe & Co. LLC is an FINRA member brokerage firm (member New York Stock Exchange). GGH representatives are stockbrokers, managing individual accounts on a discretionary basis. As such, GGH earns their income by charging commissions on trades, **not** advisory fees, like the other listed Portfolio Managers who are registered investment advisors.

## MONITORING SERVICES

Once the Portfolio Manager has been selected and the account established, we will monitor the performance of the Portfolio Manager and the client's investments continuously based on the client's defined investment parameters. Although the Company is not involved in any way in the purchase or sale of these investments, the Company will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

## PORTFOLIO MANAGERS FEE STRUCTURE

### **ADVISORport, Inc**

ADVISORport, Inc. is a Portfolio Manager who is a Registered Investment Advisor with the Securities and Exchange Commission. ADVISORport will manage a client's account on an asset-based fee arrangement. Their fee for management services will be fully disclosed in their Disclosure Brochure (Schedule H and/or ADV Part II), which the Company will provide the client prior to opening an account. Such management fees charged by ADVISORport will also include compensation to the Company. Clients are encouraged to carefully review these disclosures for their management services and fee structure.

### **Trade-PMR Money Manager**

Trade-PMR Money Manager is a Portfolio Manager platform that Trade-PMR, Inc. has made available to us to help us meet growing client demands. We utilize their services to:

- ❖ Customize platforms to access leading Portfolio Managers.
- ❖ Provide investment management expertise.
- ❖ Construction and implementation effective investment portfolios.
- ❖ Provide client's online reporting and account access.

### **Gilder, Gagnon, Howe & Co., LLC**

Gilder, Gagnon, Howe & Co., LLC, is a Portfolio Manager who is a licensed broker/dealer (member FINRA/SIPC). All GGH's fees are commission generated from buy and sell transactions in a client's account. The Company does not earn any part of the commissions charged by GGH, but rather charges a separate management fee based on the fair market value of the assets in the client's account at the close of business on the last day of each calendar quarter. The fee is payable quarterly in advance, and is calculated by multiplying one-fourth of the annual rate by the market value of assets under supervision. The fee schedule is as follows:

PORTFOLIO VALUE	ANNUAL FEE RATES
First \$500,000 .....	1.50%
Next \$2,000,000 .....	1.00%
Next \$2,500,000 .....	0.75%
Next \$2,500,000 .....	0.50%
Amounts in excess of \$7,500,000 .....	0.25%

#### **Important Risk Disclosures about GGH's Trading Methods**

Non-Qualified Accounts: GGH charges high brokerage fees, averaging 2% or more for each trade executed. Further, it is anticipated that turnover in the client's brokerage account, counting both buy and sell transactions, may range from 200% to 1000% per year or higher.

Thus, the annual brokerage fees could amount to 4% to 13% of the average brokerage account balance per year or higher. Comparable services may be available for less cost elsewhere and with less overall risk to a client's managed account.

Qualified Retirement Accounts: Retirement accounts will be charged a fee based on a percentage of assets under GGH management. The annual fee will be 3% on the first \$1,000,000.00 and 2.5% for every dollar of assets in excess of \$1,000,000.00. These fees will be calculated on a pro-rated monthly basis, based on the equity reported on the client's month end account statement, and will be charged to the account the following month. There are no commissions or transaction charges for trades in qualified accounts.

## Protocols for Investment Services

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The following protocols establish how we handle our managed accounts and what clients should expect when it comes to: (i) their bill for investment services; (ii) depositing or withdrawing funds from their account(s); (iii) other fees charged to their account(s); and, (iv) termination.

### DISCRETION

The Company will establish discretionary trading authority on all management accounts to execute securities transactions at anytime without the consent or advice of the client unless otherwise negated by the client.

In those cases where management accounts are non-discretionary, the services provided are generally associated with quarterly portfolio reviews to determine investment performance and, if necessary, perform portfolio re-balancing.

### BILLING

Each client is billed quarterly in advance to the account based on the account value on the last day of the preceding calendar quarter. For the first billing quarter, if the account is not opened at the beginning/end of a quarter, the fee will be based upon a pro-rata calculation of the aggregate market value of the client's assets to be managed.

Advisory fees will be taken first from fee credit balances or from any money market funds or balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees. Such liquidation may affect the relative balances of the account.

### DEPOSITS AND WITHDRAWALS

Assets deposited by a client into their management account during the quarter will not result in additional management fees being billed to the client unless such deposits exceed \$1,000. Such deposits of this amount or greater, in most cases, will require modifications and adjustments to a client's investment allocation. Therefore, a pro-rata fee based upon the number of days remaining in the current quarterly period will be assessed to the client's account for deposits exceeding the above amount.

For assets withdrawn by a client in excess of \$1,000, the Company has the option to refund any management fees on a pro-rata basis. Modifications and adjustments may be required by

the Company to correct the client's allocation of assets. No fee adjustment will be made for partial withdrawals less than \$1,000, within a billing period.

## FEE EXCLUSIONS

The above fees for all our management services are exclusive of any charges imposed by the custodial firm, such as: (i) any Exchange/SEC fees; (ii) service or account charges, including, debit balances or postage/handling fees; and/or, (iii) commissions earned by the custodial firm for securities transactions.

In addition, all fees paid to us for management services are separate from any fees and expenses charged to shareholders of mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expenses, such as: 12b-1 fees and contingent deferred sales charges. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. Clients are encouraged to carefully read the fund prospectus.

## TERMINATION PROVISIONS FOR INVESTMENT SERVICES

Clients have five (5) full business days after entering into an Investment Advisory Agreement in which to cancel our investment services and not incur any costs. Thereafter, should the client wish to terminate investment services on a day other than the last day of a calendar quarter, the Company has the right to retain all prepaid advisory fees for the time and expense in closing the account and preparation of the final documents.

To terminate our investment services a written notice should be submitted at least 30 days prior to the actual termination date, which provides clear instruction on what the client wants done with their account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity). Once the termination notice has been received and we have implemented the final instructions from the client, we are no longer responsible for the management of client assets. From the date that the termination goes into effect, the client becomes responsible for making their own investment decisions.

# FINANCIAL

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## P L A N N I N G

Should the initial meetings and interviews with a client reveal the need for financial planning; the Company can provide such services for the client depending on their needs and/or desires.

Financial planning is an evaluation of the investing and financial options available to a client based upon defined economic criteria. Planning includes: (i) attempting to make optimal decisions; (ii) projecting the consequences of these decisions for the client in the form of a financial plan – a working blueprint; (iii) implementing the protocol to achieve the objectives of the plan; and then, (iv) comparing future performance against the working blueprint.

In general, financial planning encompasses one or more of the following areas of concern:

- ❖ **Personal** – Family records, budgeting, personal liability, estate information and financial goals.
- ❖ **Education** – Education IRAs, financial aid, state savings plans including 529 plans, grants and general assistance in preparing to meet dependents continuing educational needs through development of an education plan.
- ❖ **Taxes & Cash Flow** – Income tax and spending analysis and planning for past, current and future years. The Company will illustrate the impact of various investments on client's current income tax and future tax liability.
- ❖ **Death & Disability** – Cash needs at death, income needs of surviving dependents, estate planning and income analysis.
- ❖ **Retirement** – Analysis of current strategies and investment plans to help you achieve your retirement goals.
- ❖ **Investments** – Analysis of investment alternatives and their effect on a client's investment portfolio(s), including a risk and return analysis. Assessment of a client's risk tolerance profile and development of an Investment Policy Statement.
- ❖ **Insurance** – Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

## Preparing the Financial Plan

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The Company prepares the financial plan in three (3) stages. These stages are defined as follows:

### STAGE I – EVALUATE

The evaluation process is where we learn about the client. During this time we will interview the client, have them answer financially related questions and complete questionnaires designed to address the financial planning disciplines listed above. We will also gather information that could include, but is not limited to, a list of assets, liabilities, insurances, wills and/or trusts documents, monthly expenses and other information based on the client's financial status, future goals and attitudes towards work. After this meeting, the Company drafts a report documenting the financial planning process disciplines, which the client wishes

to address, and detailing the specific objectives under each discipline. Redrafting and meeting can be repeated until the client is completely satisfied with the report.

## STAGE II – FORMULATE

We define the financial plan as a road map designed to take the client from where they currently are financially, to where they want to be. This is the creative portion of the process. There are usually many different ways to accomplish a given goal. The objective, however, is to formulate a plan that the client will be comfortable executing. In some cases, the drafting of the plan reveals the need for us to help the client reconcile the gap between their expectations and their financial realities. Once a viable plan has been drafted, it is presented to and reviewed with the client. The draft and review process may be repeated until the client is satisfied with the financial plan.

## STAGE III – INTEGRATE

A financial plan is of limited value if it is not put into action. Accordingly, we place a premium on implementing<sup>6</sup> and monitoring the plan. The implementation schedule provides the client with a list of tasks and deadlines designed to ensure that the plan is put into action. The following are some examples of implementation: (i) drafting of appropriate estate documents (performed by an estate attorney); (ii) purchase of various insurance policies; (iii) investment advisory services (performed by the Company, or another investment adviser/broker-dealer of the client's choice); (iv) adoption and monitoring of a personal budget; and, (v) ongoing income tax planning. The Company strongly suggests that the overall financial plan be reviewed on not less than an annual basis.

## Financial Planning Fees & Termination

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The Company's financial planning fees will be based on the size, complexity, and nature of each client's personal and financial situation and the amount of time it will take to analyze and summarize the plan and perform the services desired by the client for the year.

### PLANNING FEE

All financial planning services are offered on a fixed fee basis and will not exceed \$5,000.00 for the initial engagement. Such fees will be fully disclosed up-front in a Financial Planning Contract ("Agreement"), which will include the cost<sup>7</sup> to review your financial information and prepare the financial plan. One-half the fee will be due at the time the Agreement is signed, with the remaining half due upon completion. The Company retains the option to waive the financial planning fee if the client engages the Company for investment services to manage their assets.

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<sup>6</sup> Implementing the recommendations made in a financial plan often requires consultation or coordination with one or more outside professionals (e.g.: attorneys and CPAs). All information provided by and received from the Client will be kept entirely confidential, not only by the Company, but by the outside professionals as well. Such information will be disclosed to third parties only with mutual written consent or as may be permitted or required by law.

<sup>7</sup> Rarely will a fee exceed those costs outlined in the Agreement. However, there can be instances where we did not contract with the client to perform a particular task and therefore merit notifying the client of the additional cost prior to beginning such services.

## TERMINATION OF FINANCIAL PLANNING SERVICES

Clients have five (5) full business days to terminate the Agreement. Should a client wish to terminate the Agreement after such time period and before presentation of the financial plan, the Company will be compensated through the date of termination for time spent in design of the financial plan at the hourly rate agreed to by both parties in the Agreement. After the financial plan has been completed and presented to the client, termination of the Agreement is no longer an option.

# QUALIFICATIONS

## RESPONSIBILITIES

### Business Qualifications

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Mr. John R. Palm is responsible for the leadership and direction of the Company, as well as, ensuring the investment activities are being performed to the expectations of the clients.

Mr. John R. Palm and Mr. Paul G. Palm, the Senior Portfolio Manager for the Company, have over 40 years combined professional experience in the area of investment management. Mr. David K. Palm and Mr. David J. Kruis handle areas of personal finance, insurance, and design of financial plans for clients. Their qualifications and experience are listed below:

#### John Randolph Palm

CRD #: 1185127  
Date of Birth: February 2, 1965

**Education:** Liberty University – B.S. Political Science  
Liberty Theological Seminary – Masters of Religious Education  
FINRA Exams: Series 65

**Business:** 01/2000 – Present ..... CrossPlan® Money Management  
**Position:** Managing Partner/CCO  
12/1993 – 01/2000 ..... Palm Investment Services, Inc.  
**Position:** Associate  
05/1992 – 12/1993 ..... United World Missions  
**Position:** Cross-Cultural Training and Development

#### Paul Gordon Palm

CRD #: 355516  
Date of Birth: August 9, 1933

**Education:** FINRA Exams: Series 7, 24 & 63 (Retired Branch Manager)  
FINRA Exams: Series 65

**Business:** 01/2000 – Present ..... CrossPlan® Money Management  
**Position:** Partner/Senior Portfolio Manager  
06/1989 – 01/2000 ..... Palm Investment Services, Inc.  
**Position:** President  
06/1987 – 03/2000 ..... Raymond James Financial Services, Inc.  
**Position:** Branch Manager  
05/1984 – 05/1987 ..... Raymond James & Associates, Inc.  
**Position:** Branch Manager  
03/1978 – 04/1984 ..... A.G. Edwards & Sons, Inc.  
**Position:** Branch Manager

## David Kendall Palm

CRD #: 4415799  
Date of Birth: August 30, 1967

**Education:** FINRA Exams: Series 7, 63 & 65  
State of Florida: Life, Health & Variable Insurance License

**Business:** 01/2000 – Present ..... CrossPlan® Money Management  
**Position:** Partner/Investment Advisory Rep.  
11/2001 – Present ..... American Wealth Management, Inc.  
**Position:** Registered Representative  
11/1998 – 01/2000 ..... AmeriCredit Mortgage  
**Position:** Wholesale Account Executive  
05/1999 – 11/2001 ..... First One Financial  
**Position:** Mortgage Sales Mgr./Operating Partner  
03/1990 – 02/1996 ..... Bay Restaurant Investors, Ltd.  
**Position:** Operating General Partner

## David John Kruis

CRD #: 4274984  
Date of Birth: January 22, 1950

**Education:** Calvin College – B.A. Business Administration  
FINRA Exams: Series 7, 63 & 65  
State of Florida: Life, Health & Variable Insurance License

**Business:** 08/2001 – Present ..... CrossPlan® Money Management  
**Position:** Investment Advisory Representative  
01/2003 – Present ..... American Wealth Management, Inc.  
**Position:** Registered Representative  
08/2000 – 02/2003 ..... Raymond James Financial Services, Inc.  
**Position:** Registered Representative  
06/1992 – 06/2000 ..... Prime Contractors, Inc.  
**Position:** President  
10/1990 – 04/1992 ..... Fortune Bank  
**Position:** Vice President  
05/1984 – 10/1990 ..... First Union National Bank  
**Position:** Vice President

## Account Responsibility

Each account will be reviewed at least quarterly to determine if the client's needs and objectives are being met. General guidelines as defined by the client and cash needs will be adjusted as necessary. Any specific goals and objectives, as designed by the client through one-on-one consultations, will be established for portfolio positioning and diversification, and monitored periodically for revision as needs dictate. Significant changes in the client's personal circumstances, the general economy, or tax law changes can trigger more frequent reviews.

Clients will receive at least quarterly statements from the brokerage firm where their accounts are custodied. Each statement will summarize the specific investments currently held, the value of the client's portfolio and account transactions.

## Education & Business Standards

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Any Investment Advisory Representatives retained by the Company will be required to have earned a four-year undergraduate degree or the equivalent and suitable experience in fields directly related to investments and financial planning, as well as the required examinations and qualifications to act as such.

## Analysis, Sources of Information & Investment Strategies

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### METHODS OF ANALYSIS

In analyzing stock and bond investments, the Company will use a fundamental and technical approach to gathering information. Such analysis considers: economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits to guide the Company in its allocation decisions.

Regarding the Portfolio Managers, the method of analysis used depends on the investment strategy and philosophy of the client and the style of the Portfolio Managers that the client has asked us to monitor.

### SOURCES OF INFORMATION

The Company relies on numerous financial publications as well as independent research sources for information. Other sources may include, but are not limited to, domestic, international and governmental newspapers, bulletins, magazines, books and other professional subscription services. On occasion, we will use material prepared by investment companies and research releases prepared by other research companies.

### INVESTMENT STRATEGIES

The Company generally recommends long-term investment strategies requiring a minimum of a five to ten year time horizon.

## Other Business Activities

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Mr. David K. Palm and Mr. David J. Kruis devote approximately 20% of their time to duties other than giving investment advice to advisory clients of the Company. Mr. Palm and Mr. Kruis are: (i) licensed to sell various insurance products to clients as part of a full range of financial services offered by the Company; and, (ii) licensed to sell securities products to clients of the Company through American Wealth Management, Inc. American Wealth provides individual investors with traditional and non-traditional investment products, financial planning services, and investment banking. Even though Mr. Palm and Mr. Kruis are involved in other business activities, such activities should not interfere with the advisory practices of the Company and present any inherent risks to the advisory client. All commissioned products will be fully disclosed to the client prior to executing such purchases. For more information, please refer to the "Conflicting Interests" section of this brochure.

# FINANCIAL INDUSTRY

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## ACTIVITIES & AFFILIATIONS

### Brokerage and Investment Advisor Affiliations

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#### AMERICAN WEALTH MANAGEMENT, INC.

American Wealth Management, Inc. is an FINRA licensed full-service broker/dealer (member FINRA/SIPC) to sell listed/unlisted securities and investment company and variable insurance products. RAs of the Company are registered as Representatives to recommend securities and/or insurance products offered by American Wealth.

Notwithstanding the fact that certain RAs of the Company will be Registered Representatives of American Wealth; the Company is solely responsible for the investment advice rendered. Advisory services are provided separately and independently of the broker-dealer.

#### AMERITRADE, INC. AND TRADE-PMR, INC.

The custodians for all CrossPlan® accounts will be either Ameritrade, Inc., through its Ameritrade Institutional Services division to financial advisors, or Trade-PMR, Inc. Both brokerage firms are registered broker/dealers (member FINRA/SIPC). Ameritrade and Trade-PMR provide on-line services for account administrative and operational support, including: electronic trading, block-trading authorization, software to access client data, back-office support, recordkeeping, client reporting, and other relevant technology tools. The cost to access Ameritrade's and Trade-PMR's services, Ameritrade Apex™ and the Trade-PMR ILX Workstation, are waived based on total client assets under management. In addition, both institutions may offer from time to time subscriptions to various research services (i.e.; Barron's, Morningstar®, Centerpiece®, etc...) at no cost, also based on total client assets under management. Services offered to the Company that have been discounted or waived are defined as "soft dollar" services. However, access to Ameritrade Apex™ and/or the ILX Workstation and any research services provided or arranged by these institutions will be used to service all client accounts and will not be limited to only those particular accounts that may have generated commissions.

The Company is not a subsidiary of, or affiliated with, Ameritrade or Trade-PMR in any manner. The Company is solely responsible for investment advice rendered, and advisory services are provided separately and independently of the brokerage firms.

### Insurance Company/Agency Affiliations

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Currently only Mr. David K. Palm and Mr. David J. Kruis are licensed as resident Life, Health, and Fixed Annuity Insurance Agents by the State of Florida and are licensed as non-resident agents in other states. Mr. Palm and Mr. Kruis are licensed to sell insurance related products and earn commissions from the sale of these products.

# CONFLICTING INTERESTS

## Securities Transactions for Compensation

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As previously stated, a few of the RAs of the Company are Registered Representatives of American Wealth Management, Inc. and execute, as brokers, securities transactions for advisory clients and earn sales commissions from such transactions. This can be considered a conflict of interest when giving investment advice for a fee on securities products that can be sold for a commission.

In cases where RAs of the Company could receive commissions, it is the Company's policy to fully disclose, prior to execution of such transactions, the fact that they will receive commissions associated with the purchase or sale of such securities.

## Client Transactions

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### PARTICIPATION OR INTERESTS

It is against Company policies for any officers, directors and employees to invest in a private business interest or other non-marketable investment with a client or clients unless the Company has granted prior approval, and is not in violation of any SEC and/or State rules and regulations.

Personnel of the Company are permitted to personally invest their own monies in investments that may, from time to time, be recommended to clients. Such investment purchases are to be independent of, and not connected in any way to, investment decisions made on behalf of the Company's clients. Personal trading activities conducted by the Company's officers, directors and employees are monitored by Mr. John R. Palm to ensure that such activities do not impact upon client security or create conflicts of interest.

### INSIDER TRADING ACTIVITIES

The Company is, and shall continue to be, in total compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, we have adopted a firm-wide policy statement-outlining insider trading compliance by the Company and our personnel. This statement has been distributed to all personnel of the company and has been signed and dated by such persons. Copies of such signed originals are maintained in our personnel files.

### CODE OF ETHICS

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in the clients' best interest. To maintain this ethical responsibility to clients, the Company has adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all officers, directors and employees in discharging their duties. This Code is a value-laden guide committing such

persons to uphold the highest ethical standards, rooted in the most elementary maxim, "Do the right thing!"

The Company's Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation to the Code.
- ❖ Accountability.

To help clients understand the Company's ethical culture and standards, how the Company controls sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of the Company's Code of Ethics is available for review upon request.

## PROXY VOTING

The Company is hereby expressly precluded from voting proxies. Clients understand and agree that the client retains the right to vote all proxies, which are solicited for securities held in the managed accounts. Any proxy solicitations received at the Company's place of business will be immediately forwarded to the client for their evaluation and decision.

## Investment or Brokerage Discretion

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### SECURITIES AND AMOUNT BOUGHT OR SOLD

The Company executes an agreement with each client, which sets forth the authority to buy and sell securities in whatever amounts are determined to be appropriate for the account and whether such transactions are with, or without, prior approval by the client.

### DIRECTION OF TRANSACTIONS AND COMMISSION RATES

The Company does not have the discretionary authority to determine the broker/dealer to be used or the commission rates to be paid. The choice of brokerage firm to act as the custodian over each client account will always be approved by the client. For CrossPlan® accounts, the Company will suggest Ameritrade or Trade-PMR; however, it should be understood that the Company does not have the authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, since we do not negotiate the commissions charged by these institutions, such commissions can vary from client to client.

There will be no attempt by the Company to recommend Ameritrade or Trade-PMR solely on the lowest commission rates available. General reputation, trading capabilities, investment inventory, and client investment needs, financial strength, and the Company's personal experience working with these institutions is considered, among other items, in making this suggestion.

## SELECTION OF PORTFOLIO MANAGERS

Initial due diligence by the Company has led to the availability of a select group of Portfolio Managers which the client may choose to have manage their accounts. The Company will assist the client in determining which will provide the most effective financial growth based upon client's stated objectives in the client's Investment Policy Statement.

While the Company has exercised its best efforts in combining investment performance with the cost of such services offered by the Portfolio Managers, the Company does not specify that the Portfolio Managers to which it refers its clients have the highest performance or lowest costs. Accordingly, the client's selection of such Portfolio Managers will be limited to those offered by the Company. Therefore, it is possible that the client might be able to contract for similar services elsewhere or separately, with higher performance at lower costs.

## Additional Compensation

### INVESTMENT SERVICES BENEFITS & CONFLICTS

Clients are cautioned to consider their options carefully when Investment Advisor Representatives ("RAs") of the Company recommend the purchase of any securities or insurance products where the RA is also a commissioned representative – there is a potential conflict of interest. The incentive on the part of the Company and the RA is to recommend only those products in which they will receive a commission. Consequently, the objectivity of the advice rendered could be subjective and disadvantage the client.

There are also potential conflicts of interest when the Company and its RAs suggest the need for outside consultations and coordination (i.e., attorneys, CPAs) to implement certain aspects of an estate or tax plan. Even though the Company does not share in any fees earned by the attorneys or CPA when implementing an estate or tax plan, those entities to which the Company refers business do earn fees. This creates incentive on the part of the Company and the RA to refer client business to only those entities that in turn refer potential clients to the Company. This can eliminate the possibility for the client to be referred to someone who may provide better services at lower cost.

Therefore, to ensure clients understand the full relationship of the Company to any related parties that the Company may refer business, as well as the choices and risks clients have in receiving investment services, the following disclosures are provided:

- ❖ Clients may choose any broker/dealer to execute their securities transactions.
- ❖ On occasion, RAs can receive commissions associated with those accounts managed by the Company when the client is advised to purchase a variable insurance product. If this were to occur, it is the Company's policy for the RA to fully disclose, prior to execution of such transactions, the fact that they will receive commissions associated with the purchase or sale of such securities.
- ❖ Investments involve risk and some investment decisions will result in losses. Clients should understand that the Company cannot guarantee that their investment objectives will be achieved by working with us.
- ❖ Clients are under no obligation to have any related parties that the Company recommends prepare planning documents (i.e., estate, retirement, tax, etc...). Clients are free to choose those entities to implement any recommendations.

- ❖ If the Company is selected to implement certain aspects of the financial plan that requires the purchase of investments or insurance related products, the RA who will implement the plan will be a licensed representative of American Wealth Management, Inc. for securities and insurance products. The RA will receive the normal commissions associated with such transactions.
- ❖ The Company will utilize those financial products offered by American Wealth Management, Inc. when implementing aspects of the financial plan. Therefore, such product recommendations may be limited due to the pool of financial products from which to draw.
- ❖ The Company does not receive any economic benefit from referring clients to another professional without first notifying the client of such possibilities. The Company acts completely in a fiduciary capacity – **the interests of the client are first and foremost.**

Notwithstanding such potential conflicts of interest, the Company strives to serve the best interest of the client; as well as, ensuring such disclosure is being properly made to clients in compliance with the Investment Advisor Act of 1940, Rule 275.206.

## REFERRAL COMPENSATION

The Company may directly compensate persons for client referrals, provided that those persons are qualified and have entered a solicitation agreement with the Company. Under such arrangements, the client will be provided full disclosure of the compensation paid to the solicitor and whether such referral will result in higher management fees.

END OF THE DISCLOSURE BROCHURE