

# Strategis Financial Group, Inc.

## **Brochure Dated 7/2/2012**

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**This Brochure provides information about the qualifications and business practices of Strategis Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at (801) 373-1100 or [scott@strategisfinancial.com](mailto:scott@strategisfinancial.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Strategis Financial Group, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Strategis Financial Group, Inc. as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

Since Strategis Financial Group, Inc.'s last Annual Amendment filing on September 23, 2011, Betty Wyckoff and Clint Wyckoff are no longer owners of the firm.

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#### **Item 4            Advisory Business**

- A. Strategis Financial Group, Inc. (“Strategis Financial”) is a corporation formed on December 18, 1989 in the State of Utah. Strategis Financial became registered as an Investment Adviser Firm in February 1990. Strategis Financial is principally owned by Scott Garbutt and Mark Sumsion. Mr. Sumsion is Strategis Financial’s President.
- B. As discussed below, Strategis Financial offers to its clients (individuals, pension and profit sharing plans, business entities and trusts, etc.) investment advisory services. These services include portfolio management for various account types including but not limited to Individual Retirement Accounts (IRAs), variable annuity accounts, fixed annuity accounts, indexed annuity accounts, and variable universal life insurance policies. To the extent specifically requested by a client, Strategis Financial also offers financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage Strategis Financial to provide discretionary investment advisory services on a negotiable *fee* basis. Strategis Financial’s annual investment advisory fee is generally based upon a percentage (%) of the market value of the assets placed under Strategis Financial’s management between 1.00% and 2.00%.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, Strategis Financial *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Strategis Financial’s planning and consulting fees are negotiable, but generally range from \$750 to \$1,500 on a fixed fee basis, and from \$75 to \$150 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging Strategis Financial to provide planning or consulting services, clients are generally required to enter into a *Financial Planning Agreement* with Strategis Financial setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Strategis Financial commencing services. If requested by the client, Strategis Financial may recommend the services of other professionals for implementation purposes, including Strategis Financial’s representatives in their individual capacities as discussed below (*See* disclosure at Item 10 C.1, 10 C.6 and 10 C.8). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Strategis Financial. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client’s responsibility to promptly notify Strategis Financial if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Strategis Financial’s previous recommendations and/or services.

## MISCELLANEOUS

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, Strategis Financial may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of Strategis Financial in their separate registered/licensed capacities as discussed below. Neither Strategis Financial, nor any of its representatives, serves as an attorney or accountant, and no portion of Strategis Financial's services should be construed as same. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Strategis Financial. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Strategis Financial if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Strategis Financial's previous recommendations and/or services.

**Independent Managers.** Strategis Financial may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. Strategis Financial shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Strategis Financial shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

**Other Business Activities.** Strategis Financial maintains market blog websites under the names MarketOwl.com and DentalDollars.net.

**Trade Error Policy.** Strategis Financial shall reimburse accounts for losses resulting from Strategis Financial's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within Strategis Financial's custodian firm account and Strategis Financial retains the net gains and losses.

**Client Obligations.** In performing its services, Strategis Financial shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Strategis Financial if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Strategis Financial's previous recommendations and/or services.

**Disclosure Statement.** A copy of Strategis Financial's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Financial Planning Agreement*.

- B. Strategis Financial shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Strategis Financial shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Strategis Financial's services.
- C. Strategis Financial does not participate in a wrap fee program.
- D. As of June 11, 2011, Strategis Financial had \$26,132,055 in assets under management on a discretionary basis and \$20,592,382 in assets under management on a non-discretionary basis.

## Item 5 Fees and Compensation

- A. The client can determine to engage Strategis Financial to provide discretionary investment advisory services on a negotiable *fee* basis.

### INVESTMENT ADVISORY SERVICES

If a client determines to engage Strategis Financial to provide discretionary investment advisory services on a *fee* basis, Strategis Financial's annual investment advisory fee shall be generally based upon a percentage (%) of the market value and type of assets placed under Strategis Financial's management (between 1.00% and 2.00%) as follows:

Assets	Portion of Assets in the Tier	Tiered Annual Fee
\$0 - \$99,999	First \$99,999 of the account	2.00%
\$100,000 - \$299,999	Next \$200,000 of the account	2.00%
\$300,000 - \$499,999	Next \$200,000 of the account	1.75%
\$500,000 - \$749,999	Next \$250,000 of the account	1.50%
\$750,000 - \$999,999	Next \$250,000 of the account	1.25%
\$1,000,000 +	Flat 1% on entire account	1.00%

### FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, Strategis Financial *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Strategis Financial's planning and consulting fees are negotiable, but generally range from \$750 to \$1,500 on a fixed fee basis, and from \$75 to \$150 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have Strategis Financial's advisory fees deducted from their custodial account. Both Strategis Financial's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of Strategis Financial's investment advisory fee and to directly remit that management fee to Strategis Financial in compliance with regulatory procedures. In the

limited event that Strategis Financial bills the client directly, payment is due upon receipt of Strategis Financial's invoice. Strategis Financial shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. For certain smaller accounts, Strategis Financial's fee shall be paid semi-annually, in advance, based upon the market value of the assets on the last day of the previous quarter.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Strategis Financial shall generally recommend that various broker-dealer/custodians or the specified mutual fund or insurance company that issued the mutual fund or variable life/annuity product serve as the broker-dealer/custodian for client investment management assets. Broker-dealers charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Strategis Financial's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Strategis Financial's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. For certain smaller accounts, Strategis Financial's fee shall be paid semi-annually, in advance, based upon the market value of the assets on the last day of the previous quarter. Strategis Financial generally requires a \$50,000 minimum asset level for investment advisory services, except for a \$25,000 minimum asset level for variable qualified accounts. Strategis Financial, in its sole discretion, may reduce or waive its minimum asset requirement based upon certain criteria (i.e. client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, or a pre-existing or future client of Strategis Financial's representatives, who were previously charged, or will be charged a commission for the purchase of certain investment products through Strategis Financial's representatives in their individual capacities as registered representatives of First Western Advisors, see discussion below).

The *Investment Advisory Agreement* between Strategis Financial and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Strategis Financial shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage certain of Strategis Financial's representatives, in their individual capacities, as registered representatives of First Western Advisors ("*First Western*"), an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *First Western*, *First Western* will charge brokerage commissions to effect securities transactions, a portion of which commissions *First Western* shall pay to Strategis Financial's representatives, as applicable. The brokerage commissions charged by *First Western* may be higher or lower than those charged by other broker-dealers. In addition, *First Western*, as well as Strategis Financial's Representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing

commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment (as well as trailing commissions for variable insurance products).

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *First Western* presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Strategis Financial's representatives. **Strategis Financial's Chief Compliance Officer, Scott Garbutt, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by Strategis Financial through other, non-affiliated broker dealers or agents.
3. Strategis Financial does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products Strategis Financial recommends to its clients.
4. When Strategis Financial's representatives sell an investment product on a commission basis, Strategis Financial does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Strategis Financial's representatives do not also receive commission compensation for such advisory services. **However**, a client may engage Strategis Financial to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Strategis Financial's representatives, in their individual capacities as registered representatives of *First Western*, on a separate commission basis.

## **Item 6            Performance-Based Fees and Side-by-Side Management**

Neither Strategis Financial, nor any supervised person of Strategis Financial, accepts performance-based fees.

## **Item 7            Types of Clients**

Strategis Financial's clients shall generally include individuals, pension and profit sharing plans, business entities and trusts. Strategis Financial generally requires a \$50,000 minimum asset level for investment advisory services, except for a \$25,000 minimum for variable qualified accounts. Strategis Financial, in its sole discretion, may reduce or waive its minimum asset requirement based upon certain criteria (i.e. client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, or a pre-existing or future client of Strategis Financial's representatives, who were previously charged, or will be charged a commission for the purchase of certain investment products through Strategis Financial's representatives in their individual capacities as registered representatives of *First Western*).

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

A. Strategis Financial may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Strategis Financial may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Strategis Financial) will be profitable or equal any specific performance level(s).

B. Strategis Financial's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Strategis Financial must have access to current/new market information. Strategis Financial has no control over the dissemination rate of market information; therefore, unbeknownst to Strategis Financial, certain analyses may be compiled with outdated market information, severely limiting the value of Strategis Financial's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Strategis Financial's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.



In addition to the fundamental investment strategies discussed above, Strategis Financial may also implement and/or recommend short selling, a strategy that has a high level of inherent risk. (See discussion below).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e. Broker-Dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Individuals who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

C. Portfolio Allocations:

Currently, Strategis Financial offers five separate portfolio allocations. Each includes tactical strategies that utilize active management and a proprietary asset allocation portion using mutual funds and ETFs. The five portfolios and the tactical strategies are described below:

- **Aggressive**--Our investment management approach attempts to limit exposure to market risk while achieving an adequate return for the risk assumed. This portfolio combines several tactical (actively managed) strategies. The objective is to deliver consistent returns with lower volatility than what an investor would experience when invested in a broad unmanaged index such as the S&P 500. The primary need is for capital growth. An investor needs a high risk tolerance for this allocation.
- **Growth**--Our investment management approach attempts to limit exposure to market risk while achieving an adequate return for the risk assumed. This portfolio combines several tactical (actively managed) strategies. The objective is to deliver consistent returns with lower volatility than what an investor would experience when invested in a broad unmanaged index such as the S&P 500. The primary need is for capital growth with a secondary need for income generation. An investor needs a higher than average risk tolerance for this allocation.
- **Balanced**--Our investment management approach attempts to limit exposure to market risk while achieving an adequate return for the risk assumed. This portfolio combines several tactical (actively managed) strategies. The objective is to deliver consistent returns with lower volatility than what an investor would experience when invested in a broad unmanaged index such as the S&P 500. This portfolio places equal focus on capital growth and income generation. This portfolio is suitable for investors with an average risk tolerance.
- **Conservative**--Our investment management approach attempts to limit exposure to market risk while achieving an adequate return for the risk assumed. This portfolio combines several tactical (actively managed) strategies. The objective is to deliver consistent returns with lower volatility than what an investor would experience when invested in a broad unmanaged index such as the S&P 500. The primary need is for income generation and minimizing portfolio drawdowns. This portfolio is suitable for investors with a lower than average risk tolerance.

- **Fixed income**--Our investment management approach attempts to limit exposure to market risk while achieving an adequate return for the risk assumed. This portfolio combines several tactical (actively managed) strategies. The objective is to deliver consistent returns with lower volatility than what an investor would experience when invested in a broad unmanaged index such as the S&P 500. The primary need is for higher income generation while minimizing portfolio drawdowns. This portfolio is suitable for investors with a lower than average risk tolerance.

#### Tactical Strategies:

Currently, Strategis Financial utilizes the following tactical strategies:

- **Turning Points Strategy**--This strategy invests in equity index mutual funds or ETFs and inverse equity index positions. In many cases the index will be the S&P 500. But other indices may be considered depending on market conditions. Assets in this strategy can also be allocated to a money market position according to analysis of market conditions. A variety of market analysis tools are employed in an attempt to identify trends and turning points for the S&P 500 Index or other indices. Because this strategy invests in a single asset category diversification may be limited and there is substantial market risk. As a result, this strategy is suitable only for aggressive investors who are prepared to withstand drawdowns.
- **Turning Points Equity Long Only Strategy**--This is the same as the previous Turning Points Equity Strategy except that it does not take inverse positions.
- **Turning Points High-Yield Strategy**--This strategy invests in high-yield bond funds. Assets in this strategy can also be allocated to a money market position according to analysis of market conditions. A variety of market analysis tools are employed in an attempt to identify trends and turning points for high-yield bond positions. Because this strategy invests in a single asset category (high-yield bond funds) diversification may be limited and there is substantial market risk. As a result, this strategy is suitable only for aggressive investors who are prepared to withstand drawdowns.
- **Star Tactical Strategy**-- This strategy invests in mutual funds or ETFs representing up to six asset categories. These include Treasury bonds, U.S. dollar, energy, S&P 500, precious metals or emerging markets. Assets can also be moved to a money market position when market conditions warrant. The strategy attempts to minimize risk by diversifying strategy assets among these asset classes and by analyzing technical indicators to identify trending categories.

#### Mutual Fund Allocations:

To achieve greater risk protection, Strategis Financial adds diversified mutual fund selections to its portfolios. These funds are selected using a filtering process to find funds that minimize drawdowns and offer advantageous risk/reward opportunities.

### Other Actively Managed Strategies

In addition to the portfolios and strategies mentioned above, Strategis offers these actively managed strategies:

- **Retirement Freedom Strategy**--This strategy invests in government bond funds, high-yield bonds funds, and/or money market funds. It attempts to take advantage of an inverse correlation between government bonds and high-yield bonds.
- **Quantitative Equity Strategy**--This strategy selects from among a dynamic group of more than 500 U.S. stocks. In general, stocks considered for purchase must meet parameters such as having a share value of at least \$10 and a trading volume of at least 1 million shares per day. This is a growth strategy with the potential for significant draw downs. It should only be considered by investors who have a high tolerance for market risk.
- **Focus Growth Strategy**--This strategy holds one position in a single ETF representing an asset class. These may include: U.S. equities, U.S. bonds, foreign equities, precious metals, and real estate. Assets may be moved to a money market fund when market conditions warrant such a position. This is a growth strategy with potential for significant draw downs.
- **Foundation Strategy**--This strategy will invest in high quality mutual funds, generally ranked as four-star or better by Morningstar. Although the strategy is actively managed using a variety of technical and cyclical tools, trading is infrequent and the strategy attempts to remain fully invested. During periods when market risk is perceived to be excessive, however, some or all of the assets may be moved to a money market fund until market conditions improve. Short funds can be used to hedge long positions or in an attempt to profit from periods of market weakness.
- **International Currency Growth Strategy**--This strategy is designed to take advantage of the price variations in international currencies. The objective is to allocate assets to one or two currency ETFs at any given time. During periods of weakness in the international currency markets, a portion or all of the assets may be moved to a money market fund when conditions warrant such a position. This investment strategy is designed for aggressive capital growth. Because this strategy seeks maximum returns, diversification may be limited and there is substantial market risk. Because of these factors, this strategy is suitable only for aggressive investors who are prepared to withstand draw downs in an effort to earn larger returns. Funds selected may have volatility equal to or greater than that of the S&P 500 index.
- **Lunt Capital Management, Inc.** Strategis offers several portfolios managed by Lunt Capital Management, Inc. 215 South State Street, Ste. 100, Salt Lake City, UT 84111. Information about specific offerings is available at: [www.luntcapital.com](http://www.luntcapital.com).

- **Variable Annuities and/or Variable Universal Life Products**--Whenever possible, Strategis Financial attempts to apply the same methodologies and philosophies as with its managed fund accounts. However, sub-accounts available within a particular variable annuity/life product and trading restrictions often inhibit complete implementation. Risk is also influenced by the sub-accounts available in a particular annuity/life product. Some annuities have more aggressive sub-account options.

Clients may choose to maintain their assets outside the Strategis Financial's allocations and may specify that all or part be directed to specific strategies; however, Strategis Financial discourages this because of the potential for increased risk.

Strategis Financial's proprietary programs have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is specifically applicable to Strategis Financial's management of client assets

- **Initial Interview**-- at the opening of the account, Strategis Financial, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
- **Individual Treatment** – the client's account is managed on the basis of the client's financial situation and investment objectives;
- **Quarterly Notice** – at least quarterly Strategis Financial shall notify the client to advise Strategis Financial whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account;
- **Annual Contact** – at least annually, Strategis Financial shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account.
- **Consultation Available** – Strategis Financial shall be reasonably available to consult with the client relative to the status of the client's account;
- **Quarterly Statement** – the client shall be provided with a quarterly report for the account for the preceding period;
- **Ability to Impose Restrictions** – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct Strategis Financial not to purchase certain mutual funds;
- **No Pooling** – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the client's account;

- **Separate Account** - a separate account is maintained for the client with the Custodian; and
- **Ownership** – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Strategis Financial's annual investment management fee may be higher or lower than that charged by other investment advisers offering similar services/programs. Strategis Financial's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

## Item 9            **Disciplinary Information**

Strategis Financial does not have any reportable disciplinary information.

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

- A. **Registered Representative of First Western Advisors.** As disclosed above in Item 5.E, certain of Strategis Financial's representatives are also registered representatives of *First Western Partners Advisors*, an SEC registered and FINRA member broker-dealer.
- B. Neither Strategis Financial, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.
  1. **Registered Representatives of Broker-Dealer.** As disclosed above in Item 5.E, certain of Strategis Financial's representatives are registered representatives of *First Western*, an SEC registered and FINRA member broker-dealer. Clients can choose to engage Strategis Financial's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.
    - **Conflict of Interest:** The recommendation by certain of Strategis Financial's representatives that a client purchase a securities commission product presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Strategis Financial's representatives. Clients are reminded that they may purchase securities products recommended by Strategis Financial through other, non-affiliated broker-dealers. **Strategis Financial's Chief Compliance Officer, Scott Garbutt, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
  2. **Other Investment Advisors.** Strategis Financial obtains research and/or timing signals, which are material to certain of its asset allocation programs, from other investment professionals, including registered investment advisers. Regardless of

any research and/or timing signals obtained by Strategis Financial from any investment professionals or others, Strategis Financial shall be the final determiner as to whether to follow any such research and/or timing signal for client investment management implementation purposes. Generally, no such investment professional or investment adviser is a *related person* of Strategis Financial. However, the president of Jamestown Capital Management, Inc., an investment professional entity providing such services, is Rodney L. Jackson. Mr. Jackson is also a portfolio manager and investment adviser representative of Strategis Financial. At all times, the investment professionals that provide the above mentioned services act in the capacity as independent consultants to Strategis Financial.

6. **Accounting Firm.** Richard P. Reid, in his individual capacity, is a Certified Public Accountant, and the owner of Richard P. Reid, C.P.A. In certain circumstances, Strategis Financial may recommend the services of Richard P. Reid, C.P.A. Any such accounting advice and/or tax preparation services shall be rendered independent of Strategis Financial pursuant to a separate agreement between the client and Richard P. Reid, C.P.A. Strategis Financial shall not receive any of the fees charged by Richard P. Reid, C.P.A, referral or otherwise.

**Conflict of Interest:** The recommendation by Strategis Financial's representatives that a client engage the services of Richard P. Reid, C.P.A, presents a *conflict of interest*. No client is under any obligation to engage the services of the accounting firm, Richard P. Reid, C.P.A. **Strategis Financial's Chief Compliance Officer, Scott Garbutt, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

8. **Licensed Insurance Agents.** Strategis Financial's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage Strategis Financial's principals and representatives to purchase insurance products on a commission basis.

- **Conflict of Interest:** The recommendation by Strategis Financial's representatives that a client purchase an insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Strategis Financial's representatives. Clients are reminded that they may purchase insurance products recommended by Strategis Financial through other, non-affiliated insurance agents. **Strategis Financial's Chief Compliance Officer, Scott Garbutt, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. Strategis Financial does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Strategis Financial maintains an investment policy relative to personal securities transactions. This investment policy is part of Strategis Financial's overall Code of Ethics, which serves to establish a standard of business conduct for all of Strategis Financial's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

Strategis Financial also maintains and enforces policies reasonably designed to prevent the misuse of material non-public information by Strategis Financial or any person associated with Strategis Financial.

- B. Neither Strategis Financial nor any related person of Strategis Financial recommends, buys, or sells for client accounts, securities in which Strategis Financial or any related person of Strategis Financial has a material financial interest.
- C. Strategis Financial and/or representatives of Strategis Financial *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Strategis Financial and/or representatives of Strategis Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Strategis Financial did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Strategis Financial's clients) and other potentially abusive practices.

Strategis Financial has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Strategis Financial's "Access Persons". Strategis Financial's securities transaction policy requires that an Access Person of Strategis Financial must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Strategis Financial selects; provided, however that at any time that Strategis Financial has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Strategis Financial and/or representatives of Strategis Financial *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Strategis Financial and/or representatives of Strategis Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, Strategis Financial has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Strategis Financial's Access Persons.

## Item 12 Brokerage Practices

- A. In the event that the client requests that Strategis Financial recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Strategis Financial to use a specific broker-dealer/custodian), Strategis Financial generally recommends that investment management accounts be maintained at various broker-dealer/custodians. Prior to engaging Strategis Financial to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Strategis Financial setting forth the terms and conditions under which Strategis Financial shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Strategis Financial considers in recommending various broker-dealer/custodians (or any other broker-dealer/custodian to clients) include historical relationship with Strategis Financial, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Strategis Financial's clients shall comply with Strategis Financial's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Strategis Financial determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Strategis Financial will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Strategis Financial's investment management fee. Strategis Financial's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### 1. Research and Additional Benefits

Although Strategis Financial does not receive "soft dollar benefits," from broker-dealers/custodians, and although it is not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Strategis Financial may receive from various broker-dealer/custodians support services without cost (and/or at a discount), which assist Strategis Financial to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Strategis Financial may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Strategis Financial in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Strategis Financial in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Strategis Financial to manage and further develop its business enterprise.



Strategis Financial's clients do not pay more for investment transactions effected and/or assets maintained at various broker-dealer/custodians as a result of this arrangement. There is no corresponding commitment made by Strategis Financial to various broker-dealer/custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Strategis Financial's Chief Compliance Officer, Scott Garbutt, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. Strategis Financial does not receive referrals from broker-dealers.
3. Strategis Financial does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Strategis Financial will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Strategis Financial. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Strategis Financial to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Strategis Financial.

**Strategis Financial's Chief Compliance Officer, Scott Garbutt, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Strategis Financial provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Strategis Financial decides to purchase or sell the same securities for several clients at approximately the same time. Strategis Financial may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Strategis Financial's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Strategis Financial shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Item 13      Review of Accounts**

- A. For those clients to whom Strategis Financial provides investment supervisory services, account reviews are conducted on an ongoing basis by Strategis Financial's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Strategis Financial of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Strategis Financial on an annual basis.
- B. Strategis Financial *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Strategis Financial may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, Strategis Financial may receive an indirect economic benefit from various broker-dealer/custodians. Strategis Financial, without cost (and/or at a discount), may receive support services and/or products from various broker-dealer/custodians.

Strategis Financial's clients do not pay more for investment transactions effected and/or assets maintained at various broker-dealer/custodians as a result of this arrangement. There is no corresponding commitment made by Strategis Financial to various broker-dealer/custodians or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Strategis Financial's Chief Compliance Officer, Scott Garbutt, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to Strategis Financial by either an unaffiliated or an affiliated solicitor, Strategis Financial *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Strategis Financial's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Strategis Financial by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Strategis Financial's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Strategis Financial and the solicitor, including the compensation to be received by the solicitor from Strategis Financial.

## **Item 15           Custody**

Strategis Financial shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Strategis Financial may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that Strategis Financial provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Strategis Financial with the account statements received from the account custodian.  
**Please Also Note:** The account custodian does not verify the accuracy of Strategis Financial's advisory fee calculation.

## **Item 16           Investment Discretion**

The client can determine to engage Strategis Financial to provide investment advisory services on a discretionary basis. Prior to Strategis Financial assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Strategis Financial as client's attorney and agent in fact, granting Strategis Financial full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Strategis Financial on a discretionary basis may, at any time, impose restrictions, **in writing**, on Strategis Financial's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Strategis Financial's use of margin, etc.).

## **Item 17           Voting Client Securities**

- A. Strategis Financial does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Strategis Financial to discuss any questions they may have with a particular solicitation.

## **Item 18           Financial Information**

- A. Strategis Financial does not solicit fees of more than \$500, per client, six months or more in advance.

- B. Strategis Financial is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Strategis Financial has not been the subject of a bankruptcy petition.

**Item 19            Requirements for State-Registered Advisers**

- A. Mark Sumsion, Scott Garbutt and Richard Reid are the Management Persons of Strategis Financial. For more information about these individuals, please see the Brochure Supplements to this Brochure.
- B. Strategis Financial is not engaged in any other business than as set forth in this Brochure.
- A. Neither Strategis Financial, nor its representatives, accepts performance-based fees.
- B. Neither Strategis Financial, nor its representatives, has any reportable disciplinary information.
- C. Neither Strategis Financial, nor its representatives, has any relationship or arrangement with any issuer of securities.

**ANY QUESTIONS: Strategis Financial's Chief Compliance Officer, Scott Garbutt, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**