

Item 1 – Cover Page

Evergreen Wealth Advisory Group, LLC

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This brochure provides information about the qualifications and investment advisory business practices of Evergreen Wealth Advisory Group, LLC. If you have any questions about the contents of this brochure please contact us at (408) 715-7881. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Evergreen Wealth Advisory Group, LLC is also available on the Internet at www.adviserinfo.sec.gov. You can view information on this website by searching for Evergreen Wealth Advisory Group, LLC's name or by searching for the firm's CRD number: 140253.

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

Item 2 – Material Changes

There have been no material changes to this disclosure brochure since filing our last annual update in March 2011. We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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Item 4 – Advisory Business

Ownership

Evergreen Wealth Advisory Group, LLC (“Advisor” or “we”) is an investment advisor registered with the Securities and Exchange Commission since May 2006. We are a California limited liability company and our sole member (owner) is Victor G. Cheng.

General Description of Primary Advisory Services

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

Financial Planning Services (Plans and Consultations)

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

We offer advisory services in the form of financial plans and consultations. These services do not involve actively managing your accounts. Instead, comprehensive planning services focus on you overall financial situation. Modular planning services and consultations focus on specific areas of concern to you.

Asset Management Services

We offer asset management services providing you with continuous and on-going supervision over your accounts. This means that we continuously monitor your account and make trades in that account when necessary.

Referrals to Third Party Money Managers

We offer advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades client accounts when necessary.

Specialization

We specialize in portfolio construction and investment management and have also developed specialized planning capabilities in the following areas: stock option related, income tax related, executive compensation related, small business related and estate planning related.

Limits Advice to Certain Types of Investments

We offer investment advice to clients on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issues

- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Option contracts on securities
- Interests in partnerships investing in real estate and oil and gas interests

We reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives. Please refer to **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss** for more information.

Tailor Advisor Services to Individual Needs of Clients

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

Wrap-Fee Program versus Portfolio Management Program

We offer services through both traditional and wrap-fee management programs. In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services (including portfolio management or advice regarding selecting other investment advisors) and transaction services are provided for one fee. The Financial Advisors Program and LifeGuide Program (described in **Item 5, Fees and Compensation**) are wrap-fee programs. Whenever a fee is charged to a client for services described in this Disclosure Brochure (whether wrap fee or non-wrap fee), we will receive all or a portion of the fee charged.

From a management perspective, there is not a fundamental difference in the way we manage traditional management accounts versus wrap-fee management accounts. The only significant difference is the way in which transaction services are paid.

Client Assets Managed by Advisor

The amount of clients assets managed by Advisor totaled \$36,903,933 as of December 31, 2011, with \$28,033,582 managed on a discretionary basis and \$8,870,351 managed on a non-discretionary basis.

Item 5 – Fees and Compensation

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

Financial Planning Services

Written Plans

We and our investment advisor representatives (“representatives”) provide financial planning services, pursuant to a written service agreement, to an affluent clientele. Our financial planning services are focused on specific areas and are based upon your individual financial situation and personal or business objectives. The degree of detail and sophistication of the financial planning services contracted for varies according to your individual circumstances. You receive a written summary of the work undertaken, and plans are completed within six months of contract date.

Our representatives meet with you to gather all information necessary to understand your financial situation. The information we gather includes your current financial status, future goals and objectives and attitudes towards risk. We rely on the information provided by you. Therefore, it is very important that the information you provide is complete and accurate. We are not responsible for verifying the information supplied by you or your other professional consultants (i.e., attorney, accountant, etc.). We also request that you notify us if there is ever a change in your financial situation or investment objectives so that we can review, evaluate and/or revise any prior recommendations made or services provided. Our services do not include legal or tax advice. We urge you to work closely with your attorney, accountant or other professional consultants regarding your financial and personal situation.

Once the information and documents you provide are reviewed, we make our analysis and observations based upon your current financial circumstances. Problems are identified and specific financial planning strategies are recommended and presented to you in a written report.

If you are dissatisfied with the focus or specificity of the financial plan, you can request that we make appropriate changes. Your written request must be made within ten days of the date we deliver the plan to you. Changes are made at no additional charge or, at our sole discretion, a full or partial refund of prepaid paid is made to you.

One or more of the following areas are addressed in your financial plan.

Personal Financial Planning

- **Estate Planning.** During the estate planning process, our representatives provide investment advice with the intention for you to make informed decisions with respect to property ownership, distribution of assets, estate tax reduction and tax payments. Based on your current situation and your future goals, our representatives review your current estate plan, discusses the estate planning techniques and suggests alternative strategies when appropriate. The estate planning process involves a discussion of gifting, trust implementation, wills, etc., and the disposition of business interests. Tax consequences and their implications are also identified and evaluated.
- **Investment planning.** During the investment planning process, our representatives evaluate your existing investments, analyze current economic circumstances and tax characteristics and review your risk tolerance. This process includes an analysis of your current asset allocation and investment income. Tax consequences and tax implications are also identified and evaluated. Once your current situation has been reviewed, our representatives recommend strategies and investment accumulation techniques. The strategies and techniques recommended are designed to assist you in selecting the appropriate asset allocation strategy necessary to meet your investment objectives and may provide you with investment categories considered by our representatives to be suitable for you. The strategies and techniques outlined in the investment plan are designed to assist you in achieving your stated investment goals at the most appropriate risk level for you. In certain situations (i.e., charitable organization clients, high family aggregate assets) our representatives include a written Investment Policy Statement as part of the investment plan, which states your needs and goals and encompasses a policy under which

these goals can be achieved. The Investment Policy Statement also lists the criteria for selecting investment vehicles and the procedures and time interval for monitoring the investment performance.

- **Income tax planning.** Strategies to maximize after-tax cash flow by conducting an in-depth analysis of your current income tax situation are key to enhancing financial efficiency. The tax impact of various financial strategies, including your investment asset allocation, income generation, tax classification of assets, trust and business entities and stock option exercise program, are considered and evaluated. For business owners, the impact of corporate transactions is quantified and strategies are designed to minimize total income tax liability and maximize retained wealth.
- **Retirement planning.** The retirement planning process includes an analysis of your current situation, a written discussion about alternative planning strategies and techniques that can be used to assist you in accumulating wealth for retirement income or in the appropriate distribution of assets following retirement. Tax consequences and tax implications are identified and evaluated.

Business Owner Planning

- **Business Succession Planning.** The business succession planning process includes an analysis of the current state of the business and goals. Once the current state of the business and the goals for the future of the business are determined, alternatives and strategies addressing the continuity or disposition of the business upon the business owner's retirement, death, disability or decision to sell are provided. Tax consequences and their implications are also identified and evaluated.
- **Executive Compensation Planning.** The focus of executive compensation planning is the analysis and recommendation of various compensation strategies to attract, retain and reward key employees of the business. This planning may also include the business owner as well. Objectives of the business owner and the financial and legal structure of the business are reviewed and taken into account in the analysis and recommendations. Tax consequences and tax implications are identified and evaluated. In all matters, our planning services are analytical and advisory only, and do not include any legal, accounting or other professional services.
- **Executive Financial Services.** From time to time, we may contract with businesses and/or associations to provide financial planning services to their executives, partners, members and/or directors. In these instances, each individual is provided with a personal financial plan as described above. Fees charged are calculated based upon the same criteria as the personal financial planning fees described in the Planning Fees section. Fees are paid by the business or the association.
- **Non-Qualified Deferred Compensation Planning.** We offer financial planning services to clients with regard to non-qualified benefits planning. Such plans are summarized for you in a written document, which reflects your current situation and an analysis of alternative ways to accomplish your objectives. With respect to a non-qualified deferred compensation program, the analysis contains alternative methods to informally "fund" the program, including an overview of the accounting treatment of such alternative methods within the program and a recommendation as to the appropriate method of "funding" for that employee.

Renewal Plans

Financial planning services terminate upon completion of services. We recommend that your financial situation be reviewed and updated at least annually. After the first anniversary of your initial contract, you may elect to have a written summary prepared or have our representatives provide additional financial

planning services. If you elect this review and update, you must sign a new client agreement and additional fees are charged.

Consultation Services

Consultation services are provided on a more limited basis than services included when providing a full financial plan. Your consultation services may be limited to an isolated area or specific area(s) of concern. Consultation services are offered to clients wishing to receive general investment advice or guidance relating to one or more of the following areas:

- A review of your current investment portfolio and a discussion of a generic investment portfolio or investments not involving any specific investment recommendations.
- A review of a new or current issue regarding a portion of your current plan, addressing one or more of the following areas: estate planning, retirement planning, investment planning, business succession planning or college planning.

We review all relevant materials pertaining to your specific consultation and then provide a consultation reflecting your current financial circumstances, personal objectives and recommendations for you to consider. Consultation services are limited to the advice given and the information discussed during the single consultation, and any related follow up. They do not include an in-depth financial plan. Services terminate upon completion of the requested services. Our representatives do not have the authority to reallocate, rebalance or trade your accounts reviewed under this service. You have the ultimate authority to implement any recommendations provided by us. If you wish a more detailed financial plan you should enter into a financial planning relationship with us.

Fees

Planning fees are charged according to various factors, such as your income and net worth and the complexity of your assets. Fees depend upon whether the service is made available by an employer as an employee benefit and/or whether the fee is for a new contract, a renewal of an existing contract or for an on-going service contract. All planning fees are based on the specific planning services provided to you and the complexity of your financial situation and goals.

Personal and Business Owner Financial Planning Fees

Fees are billed at a fixed rate and range from \$1,500 to \$30,000. Fees are negotiable based on your financial situation, the actual services contracted for and possible on-going advisory fees received from your managed accounts. A retainer of up to the total quoted fee is usually due when the client agreement is signed. We do not require prepayment of more than \$1,200 more than six months in advance. The balance of the fee, if any, is payable upon delivery of the financial plan to you.

Because situations affecting the planning process may change, fees may be re-negotiated and adjusted with your consent. Based on your individual financial situation and personal or business objectives, financial planning services may be provided in separate phases with a different fee charged for each phase. In this case, the individual phases and applicable fees are based on the various components of the planning process, such as data collection and definition of objectives, and recommendations on specific areas in which you require planning services.

Client Consultation Fees

A fixed fee is charged for the consultation services provided, and specified in the client agreement. The fixed fee is calculated by multiplying an hourly rate times the number of hours estimated to complete the services. The hourly rate ranges from \$75 to \$250 per hour, depending on the complexity of your

situation and your relationship (if any) to or referral from an existing client. This fee is disclosed to you prior to any services being provided. It cannot be paid as a retainer for future services to be provided.

Termination of Planning Services

Financial planning services terminate upon presentation of the plan to you or completion of the requested consultations. Termination is effective immediately. Services can be terminated without penalty, at your discretion, within five business days after signing the client agreement and we refund any prepaid fees. After five business days have passed, no prepaid fees are refunded.

If you are dissatisfied with the focus or specificity of the plan, we make appropriate changes to the plan at no additional cost. We make up to three major changes but there is no limit on minor revisions requiring less than 1 hour to complete. If you continue to be dissatisfied with the plan we may, at our sole discretion, refund part or all of the fee paid.

eMoney Advisor

If you contract for on-going financial planning services, you may also elect to utilize the services available through eMoney Advisor, an on-line database repository and application site. You can choose from a variety of programs available on the password protected site, including:

- Repository for scanned documents (e.g., financial plans, deeds, wills, trusts, insurance policies, etc.)
- Account aggregation (multiple custodian statements consolidated in one location with balance statements updated nightly)
- Personalized home page, profile grid and financial snapshots
- Interactive planning tools and simulations
- Multimedia planning tutorials
- Printable reports on financial status

If you are a new client electing to utilize this service, you are charged a one-time \$250 aggregation fee that is due and payable upon signing the agreement for services. Depending on the eMoney Advisor programs selected, fees can range from \$500 to \$1,500 per year, payable semi-annually in advance upon receipt of our billing notice. In no event are clients charged more than \$1,200 more than six months in advance. At our discretion, fees for this service may be waived (i.e., if you contract for additional advisory services with us).

Either party may terminate eMoney Advisor services by submitting written notice to all appropriate parties. If services are terminated within five business days of executing the client agreement, services are terminated without penalty. As eMoney Advisor services are licensed subscriptions, no fees are refunded after the initial five business day period if the services are terminated.

Asset Management Services

Some of our clients elect to engage us to provide fee-based asset management services where we are solely responsible for making all investment recommendations and also for making changes to the managed account. If you elect to engage us for this service, we develop an individualized investment program for your account(s). We provide various investment strategies through our management services; a specific investment strategy and investment policy is crafted for you and focuses on your specific goals and objectives. When managing assets, we may also utilize model portfolios provided by institutional investment strategists and/or introduce you to investment managers who provide discretionary management of individual portfolios. Asset management services are separate from and in addition to the financial planning services previously discussed.

To provide these services, we need to obtain certain information from you to determine your financial situation and investment objectives. At least quarterly, you are reminded to notify us whether your financial situation or investment objectives have changed or if you want to impose and/or modify any reasonable restrictions on management of your accounts. At least annually, we contact you to determine whether your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on your managed accounts. We are always reasonably available to consult with you relative to the status of your accounts. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities. Your 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 account. A separate account is maintained for you with the custodian and you retain right of ownership of the account (e.g., the right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations).

It is important that you understand we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in allocating investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed appropriate for your account(s) and other accounts advised by us among equitably and consistent with the best interests of all accounts involved. However, there is no assurance that a particular investment opportunity that comes to our attention is allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to your or any other client or use it for any client's benefit.

Financial Advisors Program and LifeGuide Program

We provide asset management services through the Financial Advisors Program ("FAP") and LifeGuide Program ("LifeGuide") offered and sponsored by Securities America Advisors, Inc. ("SAA"), an investment advisor registered with the Securities and Exchange Commission. Both FAP and LifeGuide are wrap-fee programs providing investment advisory services and execution of client transactions and the specified fees are not based directly on transactions in your account. Under FAP and LifeGuide, our representatives assist you in establishing one or more FAP and/or LifeGuide accounts with SAA. There is a minimum of \$100,000 required to establish and maintain an FAP and/or LifeGuide account. Exceptions to this minimum may be granted upon request (i.e., when household aggregate accounts under management total more than \$500,000). All brokerage transactions are processed by Securities America, Inc. ("SAI"), the affiliated broker/dealer of SAA, and cleared through National Financial Services, LLC ("NFS") pursuant to a clearing arrangement established by SAI with NFS. Neither we nor our representatives act as custodian of your account or have direct access to your funds and/or securities.

SAA has also entered into agreements with various insurance companies that allow for the management and valuation of client variable annuity accounts within SAA's FAP and/or LifeGuide. NFS, insurance companies or other custodians maintain physical custody of all funds and securities. Please see **Item 15, Custody**, for additional information. Our representatives implement securities transactions for FAP and LifeGuide accounts in their separate capacity as a registered representative of SAI. See, **Additional Compensation**, below.

The annual management fee is negotiable, with 2.50% being the maximum charged. If the account has only mutual funds, then the maximum fee is 2.25%. SAA retains up to 20 basis points (0.20%) of the annual management fee for FAP accounts and up to 15% of the annual management fee for LifeGuide accounts. The remainder of the fee charged to you is paid to us. SAA is responsible for collecting all fees paid by you through FAP and journals our portion of the advisory fee to us. Please note that our fees may be higher than fees charged by other financial professionals providing similar services.

We may invest a portion of your assets in mutual funds, exchange traded funds (ETFs) or variable annuities and charge an investment management fee on your assets invested in these securities. Therefore, you may pay two levels of fees for management of your assets: one directly to us and one indirectly to the managers of the mutual funds, ETFs or variable annuities held in your portfolios.

A complete description of FAP and LifeGuide related fees, charges, when due and termination procedures are described in the FAP and LifeGuide Disclosure Brochure Appendices (Wrap Fee Program Brochures) prepared by SAA and which is given to you prior to or at the time an FAP and/or LifeGuide account is established.

Referrals to Third Party Money Managers

Independent Managed Assets Program

Through this service, we are able to establish agreements directly with third-party money managers offering a wide range of advisory services, including asset allocation, market timing and portfolio management. We can then refer you to a third-party money manager and the third-party money manager provides asset management and investment advisory services directly to you. This means the third-party money manager is responsible for continuously monitoring your accounts and making trades in your accounts when necessary.

When you agree to engage a third-party investment advisor that we recommend, we are considered a solicitor to the third-party investment advisor. As a result, we are paid a portion of the fee charged and collected by the third-party investment advisor in the form of solicitor fees or consulting fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

We are always responsible for assisting you with identifying your risk tolerance and investment objectives. We recommend third-party investment advisors and help determine appropriate investment strategies in relation to your stated investment objectives and risk tolerance. You must enter into an agreement directly with the unaffiliated third-party investment advisor.

Although the third-party investment will be responsible for making all investment decisions, we are available to answer questions the client may have regarding your account and act as the communication conduit between you and the third-party investment advisors. The third-party investment advisors we recommend generally require discretionary authority to determine the securities to be purchased and sold in your accounts. Neither we nor our representatives have any trading authority with respect to your managed account(s) with the third-party investment advisor(s).

Although we review the performance of numerous third-party investment advisor firms, we enter into only a select number of relationships with third-party investment advisor firms that have agreed to pay us a portion of the overall fee charged to our clients. Therefore, we have a conflict of interest because we only recommend third-party investment advisors that agree to compensate us for referring our clients.

We are also limited in this program because we can only select the services of money managers approved through Securities America Advisors' Independent Managed Assets Program ("IMAP"). One or more of these money managers may be affiliated entities of SAA.

You are advised that there may be other third-party managed programs, not recommended by us, that are suitable for you and that may be more or less costly than arrangements recommended by us. No guarantees can be made that your financial goals or objectives will be achieved by a third-party investment advisor recommended by us. Further, no guarantees of performance can ever be offered by us. See **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss**, for more details.

Trading by IMAP money managers may trigger wash sale rule implications. You are encouraged to consult with a tax advisor to discuss any tax implications involving your portfolios in the IMAP program.

If we recommend a third-party investment advisor to you, a complete description of that advisor's services, fee schedules and account minimums is provided in the advisor's Form ADV Disclosure Brochure or Wrap Fee Program Brochure. These brochures are provided to you when we initially recommend the third-party investment advisor.

While the actual fee charged to you varies depending on the third-party investment advisor utilized, the portion retained by us in the form of solicitor fees or consulting fees will not exceed 1.25%. Our portion of the fee is not negotiable. Under a typical fee schedule for accounts managed by a third party, we receive a fee of 1.25% on the first \$1,000,000 of assets, a 0.90% fee charged on the next \$1,500,000 of assets, and a fee of 0.55% on assets in excess of \$2,500,000. All fees are calculated and collected by the selected third-party investment advisor firm who is responsible for delivering our portion of fee to us.

SAA receives a portion of the solicitor fee, a marketing override or an administrative fee for providing administrative and marketing services. You may incur additional charges including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. We will never receive any portion of such commissions or fees. We are only compensated by the consulting fee described above. We receive no other compensation in connection with your account managed by a third-party investment advisor. When we negotiate lower fees and expenses charged by third parties, all negotiated improvements are for your benefit.

Additional Compensation

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

You should be aware that our representatives are also registered representatives of Securities America, Inc., a registered broker/dealer and member of FINRA/SIPC. In this separate capacity, they can receive a commission for selling securities products. This is a potential conflict of interest. As a registered representative, they may sell mutual funds and receive 12(b)-1 fees in addition to commissions. The 12(b)-1 fees, named after a section of the *Investment Company Act of 1940*, are annual marketing or distribution fees and considered an operational or administrative expense. The fees are included as a part of the mutual fund's total expense ratio and paid from fund assets. Therefore, the fees come indirectly from your account. Every mutual fund prospectus includes a description of the fund's fees and expenses. Receiving 12(b)-1 fees represents an incentive for a registered representative to recommend funds with 12(b)-1 fees or with higher 12(b)-1 fees than funds with no fees or lower fees. This is also a potential conflict of interest. Our representatives will only recommend mutual funds to clients if those funds are suitable for you and appropriate to help fulfill you objectives.

In addition, our representatives are also independently licensed as insurance agents and sell insurance products to any client. The representatives can earn commissions when selling insurance products in this separate capacity. This is a potential conflict of interest, since any commissions earned could be in addition to advisory fees earned in their capacity as an investment advisor representative.

Please see **Item 10, Other Financial Activities and Affiliations**, and **Item 12, Brokerage Practices**, for additional discussion on these conflicts of interest.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in

which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. Both we and our representatives endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact the judgment of our representatives when making advisory recommendations.

Comparable Services

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

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

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

Item 7 – Types of Clients

We generally provides investment advice to individuals (including high-net worth individuals) and to trusts, estates or charitable organizations.

Minimum Investment Amounts Required

The minimum investment amount for establishing and maintaining an FAP or LifeGuide Account is \$100,000, although exceptions may be granted to this minimum upon request (i.e., when household aggregate accounts under management total more than \$500,000).

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

Methods of Analysis

We use fundamental and technical and charting analysis when considering investment strategies and recommendations for clients.

Fundamental

Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g.,

management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

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

Technical

This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

There are risks involved in both of these methods. Fundamental analysis takes a long-term approach to analyzing markets, often looking at data over a number of years. The data reviewed is released over years (e.g., quarterly financial statements). Technical analysis uses a shorter timeframe—often weeks or days. The price and volume data reviewed is released on a daily basis. Therefore, fundamental analysis could mean a gain is not realized until a security's market price rises to its "correct" value over the long run—perhaps several years.

As a general statement, technical analysis is used for a trade while fundamental analysis is used for an investment. It could also be said that traders buy assets they believe they can sell to someone else at a greater price while investors buy assets they believe will increase in value. The frequency of trading securities using technical analysis could have both a positive or negative impact and could also lead to increased brokerage and transaction costs, thus lowering performance. The less frequent trading practices of fundamental analysis could also have a positive or negative impact on a client's portfolio value, but likely has reduced brokerage and transaction costs.

Investment Strategies

When implement investment advice, our investment strategies include:

- Long term purchases (Investments held at least a year)
- Short term purchases (Investments sold within a year)
- Margin transactions (Investor pays for part of the purchase and borrows the rest from a brokerage firm; e.g., investor buys \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Advisor.)
- Option writing (Including covered options, uncovered options or spreading strategies.) (Note: options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.)

We gather information from financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectus and other filings with the Securities and Exchange Commission and company press releases.

Risk of Loss

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee

that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- Market Risk. Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- Equity (Stock) Market Risk. Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- Company Risk. There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- Options Risk. Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- Fixed Income Risk. Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk. ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- Management Risk. Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you borrow part of the purchase price then you are engaging in margin transactions and there is risk involved with this. The securities held in your margin account are collateral for the custodian or clearing firm that loaned you the money. If those securities decline in value, then the value of the collateral supporting your loan also declines. As a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, including:

- You can lose more funds than you deposit in your margin account
- The account custodian or clearing firm can force the sale of securities or other assets in your account
- The account custodian or clearing firm can sell your securities or other assets without contacting you
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call

- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and are not required to provide you advance written notice
- You are not entitled to an extension of time on a margin call

Primary Recommend One Type of Security

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

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

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

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

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

Securities Sales

Our representatives are also registered representatives of Securities America, Inc. You can engage them in this separate capacity to render securities brokerage services under a commission arrangement. Our representatives may have a financial incentive to recommend that a financial plan be implemented using a certain product or service. This is a conflict of interest because they could receive commissions in their capacity as a registered representative and could also receive advisory fees in their capacity as an investment advisor representative.

You are under no obligation to use the services of our representatives in this separate capacity or to use Securities America, Inc. and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use Securities America, Inc. Prior to effecting any transactions, you are required to enter into a new account agreement with Securities America, Inc. The commissions charged by Securities America, Inc. may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

Insurance Sales

Some of our representatives are also independently licensed to sell insurance products through various insurance companies. When acting in this capacity, they may receive fees or commissions for selling these products. You are under no obligation to direct insurance transactions to insurance companies with which our representatives may be licensed. Suitable insurance and investment products may be available from other companies.

Third-Party Money Managers

As described in **Item 5, Fees and Compensation**, we have formed relationships with independent, third-party money managers.

We may recommend you work directly with third-party money managers. When we refer you to a third party money manager, we receive a portion of the fee charged by the third party money manager. Therefore, we have a conflict of interest because we only recommend third party money managers that agree to compensate us by paying us a portion of the fees billed to your account managed by the third party money manager.

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

Code of Ethics

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. We and our advisory representatives have a fiduciary duty to all clients. We have established a Code of Ethics which all representatives and associated persons must read. They must then execute an acknowledgement agreeing that they understand and agree to comply with our Code of Ethics. Our fiduciary duty to clients is considered the core underlying principle for our Code of Ethics and represents the expected basis for all dealings with clients. We have the responsibility to make sure that the interests of clients are placed ahead of our own or of our representatives' own investment interests. All advisory representatives will conduct business in an honest, ethical and fair manner. All advisory representatives will comply with all federal and state securities laws at all times. We provide full disclosure of all material facts and potential conflicts of interest to clients prior to services being conducted. All advisory representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect their duty of complete loyalty to clients. This section is only intended to provide current clients and potential clients with a description of our Code of Ethics. If current clients or potential clients wish to review our Code of Ethics in its entirety, a copy may be requested from any of our representatives and it is promptly provided.

Some of our representatives are also Certified Financial Planners[™] (CFP[®]) and abide by the Code of Ethics and Responsibility Code of the Certified Financial Planner[™] Board of Standards, Inc. The Code of Ethics and Responsibility Code requires CFP[®] designees to not only comply with all applicable laws and

regulations but to also act in an ethical and professional responsible manner in all professional services and activities. The principles guiding CFP® designees are:

- Integrity
- Objectivity
- Competence (in providing services and maintaining knowledge and skills to do so)
- Fairness (to clients, principals, partners and employers and disclosing any conflicts of interest in providing services)
- Confidentiality (keeping all client information confidential without the specific client consent unless in response to legal process or in defense of charges of wrongdoing or civil dispute)
- Professionalism
- Diligence

You can obtain a copy of the Code of Ethics and Responsibility Code by requesting a copy from us.

Participation in Client Transactions and Personal Trading

Both we and our representatives may buy or sell securities or have an interest or position in a security for our personal accounts that is also recommend to clients. We are and will continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations may represent a potential conflict of interest, it is our policy that no associated persons will prefer his or her own interest to that of the advisory client. No person employed by us may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account. Associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry. We maintain a list of all securities holdings for ourselves that is reviewed on a regular basis by a principal of the firm. This log is available for client review upon request.

Item 12 – Brokerage Practices

This entire section has been revised from your current Schedule F disclosures. Please review and confirm or revise.

Securities America, Inc.

If you elect to implement our advice, you are free to select any broker you wish. If you elect to have our representatives implement the advice in their capacity as registered representative or through one of the Securities America Advisors, Inc. ("SAA") programs detailed in **Item 5, Fees and Compensation**, then our representatives' broker/dealer, Securities America, Inc. ("SAI") will be used.

Not all investment advisors require the use of a particular broker/dealer. Some investment advisors allow their clients to pick which broker/dealer the client uses. However, in order to provide efficient services and based on the arrangement with SAI, we require the use of SAI when opening an account through our programs. We are limited in the broker/dealer or custodians we are allowed to use due to our relationship with SAI. SAI may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

Because our representatives are registered representatives of SAI, they are required to use the services of SAI and SAI's approved clearing broker/dealers when acting in their capacity as registered representatives. SAI serves as the introducing broker/dealer. All accounts established through SAI are cleared and held through National Financial Services, LLC. SAI has a wide range of approved securities products for which it performs due diligence prior to selection. SAI's registered representatives are

required to adhere to these products when implementing securities transactions through SAI. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. Because our representatives are also registered representatives of SAI, SAI provides compliance and supervision support to our representatives. In addition, SAI provides our representatives, and therefore us, with back-office operational, technology and other administrative support.

Economic benefits are provided to us by SAI that are not provided if you select another broker/dealer or account custodian. These benefits may include:

- Negotiated costs for transaction implementation
- A dedicated trade desk that services SAA/SAI participants exclusively
- A dedicated service group and an account services manager dedicated to our accounts
- Access to a real-time order matching system
- Electronic download of trades, balances and position information
- Access, for a fee, to an electronic interface with the account custodian's software
- Duplicate and batched client statements, confirmations and year-end reports

Please all see **Item 5, Fees and Compensation**, for additional information about advisory services and implementing recommendations.

Best Execution

While we do not allow directed brokerage, we must still use reasonable diligence to make certain that best execution is obtained for clients when implementing any transactions. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions surrounding the transaction execution is in the best interests of clients. When considering best execution, our associated persons look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with existing systems of the advisor, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered. We perform periodic reviews to determine that the relationship with SAA, SAI and National Financial Services, LLC are still in the best interests of clients.

Soft Dollar

Investment advisors may direct portfolio brokerage commissions to a particular broker/dealer in return for services and research used in making investment decisions in client accounts. The commissions used to acquire these services and research are known as "soft dollars." Section 28(e) of the *Securities Exchange Act of 1934* provides a "safe harbor" that allows an investment advisor to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

Although we don't allow directed brokerage, we may still receive products and services from SAI, SAA or other program sponsors and product issuers. These products and services may be used for both

research and non-research purposes and allows us to supplement, at no cost, our own research and analysis activities. These products and services can include, but are not limited to:

- Reports, publications and data on matters such as the economy, industries, sectors and individual companies or issuers, statistical information, account and law interpretations, political analyses, legal developments affecting portfolio securities, technical market actions, credit analyses, risk management and analyses of corporate responsibility issues
- On-line news services and financial and market database services
- Information management systems integrating quotation and trading, performance management, accounting, recordkeeping and document retrieval and other administrative matters
- Meetings, seminars, workshops and conferences with representatives of issuers, program sponsors and/or other analysts and specialists

Research obtained with soft dollars is not necessarily utilized for the specific account that generated the soft dollars. We do not attempt to allocate the relative costs or benefits of research among clients because we believe that, in the aggregate, the research we receive benefits all clients and assists us in fulfilling our overall duty to clients.

These arrangements may be deemed to create a conflict of interest to the extent that we would have to pay for some or all of the research and/or services with “hard dollars” if we were unable to obtain the research and services in exchange for commissions in connection with client transactions. Client trades are always implemented based on the goals and objectives of the client and not on any research, products or other incentives available.

Handling of Trade Errors

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and we absorb any loss resulting from the trade error if we caused the error. If the error is caused by the broker/dealer, the broker/dealer is responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. We may also confer with clients to determine if they should forego the gain (e.g., due to tax reasons). We never benefit or profit from trade errors.

Block Trades

We do not block trades.

Item 13 – Review of Accounts

Account Reviews

Financial planning services terminate upon presentation of the plan or completion of the consultations and no reviews are conducted. We recommend that you have your financial situation reviewed and updated at least annually. If you elect this review and update, a new client agreement is required and additional fees are charged. Review and update services are provided in the same manner as previously described in **Item 5, Fees and Compensation**.

Managed accounts are reviewed at least quarterly. Accounts at third party money managers are also reviewed at least quarterly, usually when copies of statements are received. While the calendar is the main triggering factor, reviews may also be conducted due to your specific request, changes in your personal or financial circumstances, or unusual market or economic conditions. Reviews can also be conducted by in-person visits with you.

All reviews are conducted by Victor Cheng, our managing member and an investment advisor representative. Absent your specific instructions, we review accounts to verify portfolio holdings, appropriate asset allocation, possible re-balancing needs, anti-money laundering concerns, fee calculation accuracy, continued suitability and that performance continues to work toward your investment goals and objectives.

Account Reports

Financial planning clients do not receive account reports other than the financial plan originally contracted for. You receive a statement at least quarterly from the broker/dealer, investment company or third party money manager where your account is maintained. In addition, you may request quarterly or semi-annual position reports from us at no additional charge.

Item 14 – Client Referrals and Other Compensation

We do not directly or indirectly compensate anyone for client referrals to us.

Please see **Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations** and **Item 12, Brokerage Practices**, for additional discussion about solicitor/referral fees from third party managers, other compensation and non-economic benefits.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. Please note that regulators have deemed the authorization to trade in client accounts to not be custody. However, we are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Our procedures do **not** result in our maintaining custody of client funds and securities.

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

Item 16 – Investment Discretion

In addition to having trading authority on your accounts, we may implement trades in FAP and LifeGuide accounts on a discretionary or non-discretionary basis. If implemented on a discretionary basis, we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority.

When discretionary authority is granted, it is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian.

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

You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement.

If you have an account at a third party money manager, that advisor may take discretionary authority to determine the securities to be purchased and sold for you. We do not have any discretionary authority and are not responsible for selecting investments or implementing trades in your accounts held at third party money managers.

Item 17 – Voting Client Securities

We do not vote proxies on your behalf. You are solely responsible for all proxy-voting decisions. You should read through the information provided with the proxy-voting document and make a determination based on the information provided.

Item 18 – Financial Information

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

Customer Privacy Notice

We are committed to safeguarding the confidential information of our clients. We hold all personal information provided to us in the strictest confidence. Our representatives may also be registered representatives of Securities America, Inc., ("SAI") a registered broker-dealer that is not affiliated with us. We may also have relationships with other non-affiliated investment advisor firms, such as Securities America Advisors, Inc. ("SAA") an affiliate of SAI, insurance companies, trust companies, custodians and other financial institution entities. Except as required or permitted by law, we do not share confidential information about clients with non-affiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of confidential client information, we provide written notice to clients, and clients are given an opportunity to direct whether such disclosure is permissible.

An Important Notice Concerning Customer Privacy

Customer Information Collected. We collect and develop personal information about clients and some of that information is non-public personal information ("Customer Information"). The essential purpose for collecting Customer Information is to provide and service the financial products and services clients obtain from us. The categories of Customer Information collected depend upon the scope of the engagement with us and are generally described below. As an investment advisor, we collect and develop Customer Information about clients in order to provide investment advisory services. Customer Information collected includes:

- Information received from clients on financial inventories through consultation with our representatives. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning the client's financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about client financial products and services transactions with us.

Data Security. We restrict access to Customer Information to those representatives and employees who need the information to perform their job responsibilities within the firm. We maintain agreements, as well as physical, electronic and procedural securities measures, that comply with federal regulations to safeguard Customer Information about clients.

Use and Disclosure of Customer Information to Provide Customer Service for Client Accounts. To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for us to provide access to Customer Information within the firm and to non-affiliated companies such as SAI, SAA, other investment advisors, other broker-dealers, trust companies, custodians and insurance companies. We may also provide Customer Information outside of the firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

Former Clients. If clients close an account with us, we continue to operate in accordance with the principles stated in the Notice.

Requirements of Federal Law. In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* ("GLBA"). The GLBA requires certain financial institutions, including broker-dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to non-affiliated third parties other than as permitted or required by law, customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that we do

not disclose Customer Information to non-affiliated third parties except as permitted or required by law (e.g., disclosures to service client accounts or to respond to subpoenas).