

# **Guelich Capital Management, LLC**

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**February 1, 2012**

**FORM ADV PART 2**

**BROCHURE**

**This brochure provides information about the qualifications and business practices of Guelich Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at telephone number 540.772.4545. 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 Guelich Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Guelich Capital Management, LLC is 140505.**

**Guelich Capital Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Guelich Capital Management, LLC will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## Item 4 Advisory Business

### Description of Services and Fees

Guelich Capital Management, LLC is a registered investment adviser based in Roanoke, Virginia. Our firm is organized as a limited liability company under the laws of the Commonwealth of Virginia. We have been providing investment advisory services since 2006. Ms. Connie Cross Guelich is our President and principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Financial Planning Services
- Estate Planning
- Portfolio Management Services
- Pension Consulting Services
- Educational Seminars

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers and all individuals providing investment advice on behalf of our firm.

### Financial Planning Services

We offer broad-based and consultative financial planning services to our clients. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. The process typically begins with a complimentary introduction meeting during which the various services we provide are explained. During or after the initial meeting, if you decide to engage us for financial planning services, we will collect pertinent information about your personal and financial circumstances and objectives. As required, we will conduct follow-up interviews for the purpose of reviewing and/or collecting additional financial data. Once such information has been reviewed and analyzed, we will present you with a written financial plan designed to achieve your stated financial goals and objectives. The primary objective of this process is to allow our firm to assist you in developing a strategy for the successful management of income, assets, and liabilities in meeting your financial goals and objectives.

In limited circumstances, some clients may only require advice on a single aspect of the management of their financial resources. For these clients, we offer financial plans in a modular format and/or general consulting services that address only those specific areas of interest or concern.

Financial plans are based on your financial situation at the time we present the plan to you, and on financial information you provide to our firm. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that your financial goals and objectives will be met. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

### Estate Planning

As part of a financial planning engagement, we may also provide broad-based estate planning services which include but may not be limited to advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques. This service may also involve a discussion of gifts, trusts, etc., and the disposition of business interests. Tax consequences and their implications may also be identified and evaluated.

Our fees for financial planning services are based on the following schedules:

- **Fixed Fees:** The fee for a financial plan starts at \$2,500 and may increase depending on the scope and complexity of the requested services and your financial situation. Estate planning fees will range between \$5,000 and \$25,000. Generally, we require the fees to be paid in advance. Financial and estate plans will be completed and delivered to you within 6 months of the date of the contract. Under no circumstances will we require prepayment of a fee in excess of \$1,200 and more than six months in advance. Factors that are considered when determining the cost of a financial plan, include but are not limited to:
  1. The scope of the plan, i.e., plans that cover all aspects of a clients financial plan such as business succession, estate planning, retirement needs, education planning, and successor trusts, among others, would warrant a higher fee than a more simplistic client situation covering typical financial needs for current money management and retirement.
  2. Complexity of the client financial situation, i.e., trusts, estates, business ownership, tax brackets and other personal needs.
- **Hourly Fees:** For clients who request specific consulting related services, we charge an hourly fee of \$250. An estimate of the total time/cost will be determined at the start of the advisory relationship and the fee will be payable upon execution of the financial planning agreement. In limited circumstances, the time/cost could potentially exceed the initial estimate. In such cases, we will notify you and may request that you approve the additional fee which will be payable upon completion of the consulting service.

After the initial financial planning engagement, you may engage our firm for on-going financial plan monitoring and consulting services, based on an annual term. Such services include meetings to review your progress towards stated goals, asset performance and re-balancing. These services are provided for a fixed fee, which is negotiable on a case-by-case basis and is payable quarterly in advance.

Either party may terminate the agreement by providing written notice to the other party. In the event there are any prepaid unearned fees at the time of termination, we will promptly refund a pro rata share to you.

### **Portfolio Management Services**

We provide discretionary and non-discretionary portfolio management services in accordance with your individual investment objectives. If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. This authorization includes deciding which securities and amounts to buy and sell, the broker/dealer to be used, and the commission rates to be paid, in accordance with your investment program, without obtaining your prior consent or approval for each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, and/or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

You may make additions to and withdrawals from your account at any time, subject to our right to terminate an account. If you deposit or withdraw assets from your account after the first day of any calendar quarter, we will not adjust or prorate our management fee based on the number of days remaining in the quarter. You may withdraw account assets on notice to our firm, and subject to the usual and customary securities settlement procedures. However, we design our portfolios as long-term investments and asset withdrawals may impair the achievement of your specific investment objectives.

Our annual fee for portfolio management services is billed and payable monthly in advance based on the market value of your account on the last day of the preceding month. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a month, which means our advisory fee is payable in proportion to the number of days in the month for which you are a client. Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b>Portfolio Size</b>	<b>Annualized Fee</b>
<b>First \$500,000</b>	<b>2.50%</b>
<b>Next \$500,000</b>	<b>2.00%</b>
<b>Next \$1,000,000</b>	<b>1.60%</b>
<b>Next \$3,000,000</b>	<b>1.40%</b>
<b>Next \$5,000,000</b>	<b>1.30%</b>
<b>Accounts over \$10,000,000</b>	<b>Negotiable</b>

Arrangements with existing clients may be subject to a different fee schedule.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

You may terminate this Agreement within five days of the date of execution without penalty. After the five-day period, this Agreement will continue in effect until terminated by either party by a 30 day written notice to the other (email notice will not suffice), which written notice must be signed by the terminating party. Termination of this Agreement will not affect (i) the validity of any action previously taken by our firm under this Agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or (iii) your obligation to pay fees (prorated through the date of termination) under this Agreement. Upon the termination of this Agreement, we will have no obligation to recommend or take any action with regard to the securities, cash or other investments in your account. The management fee will be pro-rated for the month in which this Agreement was terminated, and any unearned fees will be refunded to you.

### **Pension Consulting Services**

We offer pension consulting services to employee benefit plans and the plan participants based upon an analysis of the needs of the plan. In general, these services may include the selection of the plan, an existing plan review, and formation of the investment policy statement, asset allocation advice, and/or communication and education services where we provide assistance to the plan sponsor in providing meaningful information regarding the retirement plan to plan participants.

Our fee for pension-consulting services will range between \$10,000 and \$50,000 depending on the scope and complexity of the engagement. Generally, we require payment of one-half of the pension consulting fee upon entering into the agreement for services. The remaining balance is due and payable upon completion of the agreed upon services. In all cases, the contracted services will be completed within 6 months of the date of the contract. Under no circumstances will we require

prepayment of a fee in excess of \$1,200 more than six or more months in advance. The final fee and fee-paying arrangements will be negotiated on a case-by-case basis, and will be clearly set forth in the executed agreement for services.

All client plans are regulated under the Employee Retirement Income Securities Act ("ERISA") and these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, and/or ongoing consulting. These pension consulting services will be advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

Either party may terminate the pension consulting agreement by providing written notice to the other party. In the event the agreement is terminated, you will incur charges for bona fide pension consulting services provided prior to such cancellation and fees will be due and payable. Fees paid in advance will be prorated to the date of termination, and any unearned fees will be returned to you.

### **Educational Seminars**

We may conduct speaking engagements and educational seminars for a fee. Fees are determined on a case-by-case basis, and will be agreed upon in advance of the speaking engagement or seminar. The topics may include issues related to asset/wealth management services, such as financial planning, investment planning, retirement planning, and/or various other economic and investment topics. In limited circumstances, and at our sole discretion, we may waive the fee.

The information covered in a seminar is not based on the individual needs of the attendees. We do not provide investment advice to attendees unless engaged independently, and only where the attendee's individualized financial information, investment goals, and objectives are provided.

### **Types of Investments**

We offer advice on equity securities, corporate debt securities, certificates of deposit, municipal securities, investment company securities (i.e. mutual funds, exchange traded funds (ETFs), U.S. Government securities, options contracts on securities and interests in partnerships investing in real estate and oil and gas interests. Additionally, we may recommend other types of investments since each client has different needs and different tolerances for risk. We may also advise you on any type of investment held in your portfolio at the inception of our advisory relationship, or on specific types of investments at your request.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of January 27, 2012, we manage \$43,958,545 in client assets on a discretionary basis, and \$2,396,693 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

Please refer to the "Advisory Business" section in this Brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

In addition to, and exclusive of, our investment advisory fees disclosed under the *Advisory Business* section above, you will also be charged brokerage commissions, transaction fees, and other related costs and expenses for trade execution. These transaction charges are paid to, and retained by, the account custodian for its clearance and execution services. We do not receive any portion of these commissions, fees, or costs. For information on our brokerage practices, please refer to the "Brokerage Practices" section below of this Disclosure Brochure.

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Brochure.

### **Compensation for the Sale of Other Investment Products**

Certain owners, officers, and Associated Persons providing investment advice on behalf of our firm are separately licensed as independent insurance agents through a separate entity, Guelich Insurance Associates LLC. These persons will earn commission-based compensation for selling insurance products, including insurance products. Insurance commissions earned by these persons are paid to Guelich Insurance Associates LLC. This practice may present a potential conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents may have an incentive to recommend insurance products to you for the purpose of generating commissions. It is our express duty as a fiduciary to put your interests ahead of our own when we discuss insurance products with you. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the **Advisory Business** section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$250,000.00 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Charting Analysis - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.



- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- **Technical Analysis** - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- **Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and trends.
- **Long Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.
- **Short Sales** - a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.
- **Options Trading/Writing**: a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend the following types of securities: equity securities, corporate debt securities, certificates of deposit, municipal securities, investment company securities (i.e. mutual funds, exchange traded funds (ETFs), U.S. Government securities, options contracts on securities and interests in partnerships investing in real estate and oil and gas interests. You should be advised of the following risks when investing in these types of securities. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Certificates of deposit are generally the safest type of investment and may be insured by the federal government. However, because the returns are generally very low, it's possible for inflation to outpace the return. Likewise, US Government securities are backed by the full faith and credit of the United States government but it's also possible for the rate of inflation to exceed the returns.

Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that's used to pay the dividends; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same dividend.

Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of the funds, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests.

Options give an investor the right to buy or sell a stock at some future time at a set price. Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner does not usually invest any capital, but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership.

## Item 9 Disciplinary Information

Guelich Capital Management, LLC has been registered and providing investment advisory services since 2006. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

## Item 10 Other Financial Industry Activities and Affiliations

Please refer to the *Fees and Compensation* above and the *Code of Ethics* section below for more information.

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

### Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to clients and prospective clients upon request. You may obtain a copy of our Code of Ethics by calling our main number 540-772-4545.

### Participation or Interest in Client Transactions

Certain, owners, officers and Associated Persons of our firm also have ownership interests in Guelich Insurance Associates, LLC, a licensed insurance agency. Ms. Guelich is separately licensed as insurance agent of Guelich Insurance Associates, LLC. As such, she, in her capacity as an insurance agent, can effect transactions in insurance products for their clients and earn commissions for these activities. We expect that clients to whom we offer advisory services may also be insurance clients of Guelich Insurance Associates, LLC. The fees paid to our firm for advisory services are separate and in addition to the commissions you will pay to Guelich Insurance Associates, LLC and/or its agents if you purchase an insurance product. You are under no obligation, contractually or otherwise, to utilize the insurance services offered by Guelich Insurance Associates, LLC or to purchase insurance products through our Officers or Ms. Guelich in her separate capacity as licensed insurance agent.

### Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities. In accordance with our fiduciary responsibilities to you, our firm and/or our Associated Persons will generally be "last in" and "last out" for any trading that may occur in securities that are not exempt from federal reporting - e.g. mutual funds and direct obligations of the U.S. Government.

## Item 12 Brokerage Practices

We generally require that clients in need of brokerage and custodial services utilize Fidelity Brokerage Services, LLC ("Fidelity"), Member NYSE/SIPC. When recommending a broker/dealer, we will attempt to minimize the total cost for all brokerage services you pay. In selecting a broker dealer we will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. Also, we may cause you to pay a higher commission in recognition of the value of "research services" and additional brokerage products and services a broker-dealer has provided or may be willing to provide. There is no requirement that you use the broker that we recommend; however, we reserve the right to not accept your account if you choose to select a broker or dealer other than Fidelity.

While you are free to choose any broker-dealer or other service provider, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. Such relationships may include benefits provided to our firm, including but not limited to, research, market information, and administrative services that help our firm manage your account(s). We believe that recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of research provided execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Fidelity provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere. We use research received from Fidelity in our general investment decision making to service all of our clients' account, not just for those accounts for which commissions may be considered to have been used to pay for the research received.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Block Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

We combine orders for shares of the same securities purchased for discretionary accounts; however, we do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-

discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## **Item 13 Review of Accounts**

We will not provide you with additional or regular written reports. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s). We do not assume responsibility for the accuracy of information contained in those reports. We encourage you to review your trade confirmation for accuracy.

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

Associated Persons who provide investment advice on behalf of our firm are also licensed insurance agents. These individuals will receive commission based income on the sale of insurance related products. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the *Fees and Compensation* section above.

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

## **Item 15 Custody**

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact our firm at (540) 772-4545.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s), the broker/dealer to be used and the commission to be paid without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advise provided by our firm on a non-discretionary basis.

## Item 17 Voting Client Securities

We will not vote proxies. You shall be responsible for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by you shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other similar events pertaining to the Assets. We are authorized to instruct the custodian to forward to you copies of all proxies and shareholder communications relating to issuers of securities beneficially owned by you.

## Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## Item 20 Additional Information

### Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please call our office at (540) 772.4545 if you have any questions regarding this policy.

### Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.