

## Item 1 - Cover Page

KingsMark Private Financial Advisors, LLC  
208 North Westover Blvd., Suite 201  
Albany, Georgia 31717  
(229) 439-2348  
(800) 999-3094  
[www.kmpfa.com](http://www.kmpfa.com)

Date of Brochure: June 2012

---

This brochure provides information about the qualifications and business practices of KingsMark Private Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (229) 439-2348 or (800) 999-3094. 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 KingsMark Private Financial Advisors, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching for the firm's name or by using its CRD number: 146655.

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

## **Item 2 – Material Changes**

In August 2011, the firm changed its name from Longleaf Financial Advisors, LLC to KingsMark Private Financial Advisors, LLC. Other than this name change, there have been no material changes to the firm since our last annual amendment was filed 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.

### Item 3 – Table of Contents

Item 1 - Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business.....	5
Ownership .....	5
General Description of Primary Advisory Services .....	5
Financial Planning Services (Plans and Consultations) .....	5
Asset Management Services .....	5
Retirement Plan Consulting Services .....	5
Limits Advice to Certain Types of Investments.....	5
Tailor Advisor Services to Individual Needs of Clients .....	6
Wrap-Fee Program versus Portfolio Management Program .....	6
Client Assets Managed by Advisor .....	6
Item 5 – Fees and Compensation.....	6
Financial Planning Services .....	6
Consultation Services .....	8
eMoney Advisors.....	8
Asset Management Services .....	9
Asset Management – SEI Program .....	10
Retirement Plan Consulting Services .....	12
Additional Compensation .....	15
Comparable Services.....	15
Item 6 – Performance-Based Fees and Side-By-Side Management.....	15
Item 7 – Types of Clients .....	15
Minimum Investment Amounts Required.....	16
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	16

Methods of Analysis .....	16
Investment Strategies .....	16
Risk of Loss.....	17
Primarily Recommend One Type of Security.....	18
Item 9 – Disciplinary Information.....	18
Item 10 – Other Financial Industry Activities and Affiliations .....	18
Insurance Sales .....	18
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	19
Item 12 – Brokerage Practices.....	20
Block Trading .....	21
Item 13 – Review of Accounts .....	21
Account Reviews.....	21
Account Reports.....	21
Item 14 – Client Referrals and Other Compensation.....	21
Client Referrals .....	21
Other Compensation and Economic Benefit.....	22
Item 15 – Custody .....	22
Item 16 – Investment Discretion .....	22
Item 17 – Voting Client Securities.....	23
Class Action Lawsuits .....	23
Customer Privacy Policy .....	23

## **Item 4 – Advisory Business**

### **Ownership**

KingsMark Private Financial Advisors, LLC (“Advisor”) is an investment advisor registered with the U.S. Securities and Exchange Commission since March 12, 2008. Advisor is a limited liability company formed under the laws of the State of Georgia. Thomas E. Sanders and Rebecca A. Anderson are the owners of Advisor.

### **General Description of Primary Advisory Services**

Advisor offers personalized investment advisory services including financial plans, consultations and asset management. The following are brief descriptions of Advisor’s primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients 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.

Advisor provides advisory services in the form of full and modular (segmented) financial plans. These services do not involve actively managing client accounts. Instead, full planning services focus on a client’s overall financial situation. Modular planning services and consultations (both one-time and on-going) focus on specific areas of client concern.

#### ***Asset Management Services***

Advisor provides investment management services providing clients with continuous and on-going supervision over their accounts. This means that Advisor continuously monitors a client’s account and makes trades in that account when necessary.

#### ***Retirement Plan Consulting Services***

We offer retirement plan consulting services to retirement plan sponsors and to individual participants in retirement plans. These can be both fiduciary and non-fiduciary services.

#### ***Limits Advice to Certain Types of Investments***

Advisor provides advice 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
- Options contracts on securities and commodities
- Interests in partnerships involving real estate and involving 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**

Advisor's services are always provided based on the specific needs of the individual client. Clients are given the ability to impose restrictions on their accounts, including specific investment selections and sectors. However, Advisor will not enter into an investment advisor relationship with a client whose investment objectives may be considered incompatible with Advisor's investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

#### **Wrap-Fee Program versus Portfolio Management Program**

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 and transaction services are provided for one fee. Advisor does not act as a portfolio manager of or sponsor wrap fee programs.

#### **Client Assets Managed by Advisor**

The amount of clients assets managed by Advisor totaled \$97,245,494 as of December 31, 2011, with \$82,081,436 managed on a discretionary basis and \$15,164,058 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 Advisor's services along with descriptions of each service's fees and compensation arrangements.

#### **Financial Planning Services**

Advisor provides financial planning services by offering analyses and recommendations in areas including, but not limited to:

- Personal planning (family records, budgets, personal liability, etc.)
- Cash flow and management
- Retirement planning
- Business planning
- Estate planning
- Education planning
- Tax planning
- Risk management
- Insurance analysis
- Investment analysis
- Benefit plans

- Disability and long term care
- Stock option analysis

Advisor's services do not include legal or tax advice. Advisor's investment advisor representatives ("representatives") meet with clients to gather information and documentation needed to perform an analysis and review of a client's situation as well as his or her objectives and goals. One or more meetings may be required in order to gather all needed information and determine the services best suited to help meet the client's needs. Advisor and its representatives rely on the information provided by clients. Therefore, it is very important that the information provided by clients is complete and accurate. Advisor and its representatives are not responsible for verifying the information supplied by clients. Clients are also urged to work closely with their attorney, accountant or other professionals regarding their financial and personal situation.

After completing a review and analysis of the information and documents received, the representatives develop their analyses and recommendations and present either a full or modular (segmented) written financial plan to the client. A full plan focuses on a client's overall financial situation and covers several of the areas previously noted, as needed by client's specific situation. A modular (segmented) plan focuses only on one or more specific area(s) of client concern, and clients should be aware that other important issues may not be taken into consideration when Advisor's representatives develop their analyses and recommendations.

Full plans are usually billed as a fixed fee, although clients can request an hourly rate instead. Modular (segmented) plans are usually billed at an hourly rate, but the client can also request a fixed fee rate instead. There is a minimum fee of \$250 for a financial plan charged as a fixed fee and the maximum fee usually does not exceed \$10,000. Hourly fees are billed in 5 minute increments at a rate up to \$300 per hour. For plans billed at an hourly rate, Advisor's representatives provide an estimate of the time needed to complete the requested plan. If more time is required than the original estimate, the representatives obtain permission from the client before proceeding with additional services. Clients are charged the actual time expended on a plan when billed at an hourly rate. All fees are due after presentation of the plan to client and within 30 days of the client receiving Advisor's billing statement.

Both fixed and hourly fees are negotiable based on the complexity of the client's situation, the actual services requested, the representative providing the services and Advisor's relationship with the client (e.g., existing or new client, other advisory services currently or to be provided).

Clients contracting for either a full or modular (segmented) flat fee plan receive on-going financial planning services at no additional charge for a one year period from the date the plan is presented. During that time, clients can call or visit with Advisor's representatives as needed about any topic of concern as long as it was included in the original plan prepared. The on-going services also include a review and update of the original plan as prepared. If clients wish a review and update of the plan after the one-year period is done, they must sign a new client agreement and pay additional fees.

Clients have sole discretion about whether or not to contract for Advisor's services. In addition, clients have sole discretion about whether or not to implement any financial planning recommendations made by Advisor's representatives. If clients do decide to implement the recommendations, they are responsible for taking any actions or implementing any transactions required. They are free to select any broker/dealer and/or insurance agent to implement Advisor's recommendations. Clients should be aware that Advisor's representatives may also be licensed insurance agents. If clients elect to follow Advisor's recommendations regarding insurance products, and select one of Advisor's representatives to implement the recommendations, the representative could receive commissions. This is a potential conflict of interest since the representative could earn advisory fees in his or her capacity as an investment advisor representative and could also earn commissions on insurance products sold in his or her capacity as an independently licensed insurance agent. Please see **Item 10, Other Financial Activities and Affiliations**, for additional discussion on this conflict of interest.

Either party can terminate services at any time by providing written notice to the other party. Termination is effective upon receiving that notice. If services are terminated within five business days of executing the client agreement, services are terminated without penalty. If terminated after five business days but before presentation of the plan, clients are responsible for the time and effort expended by Advisor prior to receipt of the termination notice. If services are terminated after the plan is presented, there is no refund of fees previously paid since on-going services are being provided at no additional charge. Advisor provides an invoice to client detailing the services provided, fees earned and fees due from client.

### **Consultation Services**

Clients can also request advice on one or more specific areas of concern, and these consultations (or specifically requested project) can be a one-time event or involve several meetings. One-time consultations are usually billed at an hourly rate while extended consultations or projects are usually billed as a fixed fee. However, clients can request either hourly or fixed fee billing. Hourly rates will generally not exceed \$300 per hour while fixed fees generally do not exceed \$10,000. Both fixed and hourly fees are negotiable based on the complexity of client's situation, the actual services requested, the representative providing the services and Advisor's relationship with client (e.g., existing or new client, other advisory services currently or to be provided). For extended consultations or projects billed at an hourly rate, Advisor's representatives provide an estimate of the time needed to complete the requested plan. If more time is required than the original estimate, the representatives obtain permission from the client before proceeding with additional services. Clients are charged the actual time expended on the consultation or project when billed at an hourly rate. Fees are billed upon completion of the consultation or, for extended consultations and projects, at the end of each quarter. Fees are due within 30 days of the client receiving Advisor's billing statement.

Clients have sole discretion about whether or not to contract for Advisor's services. In addition, clients have sole discretion about whether or not to implement any recommendations made or advice given by Advisor's representatives. If clients do decide to implement, they are responsible for taking any actions or implementing any transactions required. They are free to select any broker/dealer and/or insurance agent to implement Advisor's recommendations and advice. Clients should be aware that Advisor's representatives may also be licensed insurance agents. If clients elect to follow Advisor's recommendations regarding insurance products and select one of Advisor's representatives to implement the recommendations, the representative could receive commissions. This is a potential conflict of interest since the representative could earn advisory fees in his or her capacity as an investment advisor representative and could also earn commissions on insurance products sold in his or her capacity as an independently licensed insurance agent. Please see **Item 10, Other Financial Activities and Affiliations**, for additional discussion on this conflict of interest.

Services terminate upon completion of the investment consultations contracted for. However, either party can terminate services at any time by providing written notice to the other party. If services are terminated before completion, clients are responsible for the time and effort expended by Advisor prior to receipt of the notice of termination. Advisor provides an invoice to client detailing the services provided, fees earned and fees due from client.

### **eMoney Advisors**

Advisor utilizes eMoney Advisors, a web-based financial and wealth planning system. Clients electing to use eMoney can select from a variety of available programs, including:

- Planning Center (allowing unlimited scenario planning)
- Retirement Income Tool
- Vault (storage for client documents such as wills, insurance policies, etc.)
- Financial Connections (allowing aggregation of multiple accounts with daily updating of linked accounts)
- Alerts to upcoming deadlines and important events



Clients electing to use eMoney are required to provide Advisor the information and documentation to be downloaded and/or input into the system. Each client is provided with a user name and password unique to them and is able to monitor their portfolio performance, view balances, run "what if" scenarios, and store/view important papers and documents.

Fees charged for this service generally do not exceed \$50 per month and depend upon the programs selected by client, the complexity of the client's situation and other advisory services provided.

### **Asset Management Services**

Advisor provides investment supervisory services, defined as including giving continuous investment advice and/or making investments for the client based on the individual needs, goals and objectives of the client. Advisor offers a customized and individualized investment program providing clients advice among various asset classes (including equity and fixed income securities), ongoing assistance with evaluating and selecting investments, adjusting and rebalancing portfolios. In some instances, Advisor may serve as a sub-advisor when working with asset management programs offered by other registered investment advisor firms.

Advisor assists the client in establishing a managed account(s) through a qualified custodian. Certain programs offered by Advisor may require that a client use a particular custodian to maintain the account. In addition, Advisor will recommend particular broker/dealers and custodians based on currently established relationships. While clients are always free to choose any broker/dealer or custodian they want to maintain their account(s), Advisor only allows clients to direct it to use a particular broker/dealer or custodian in limited circumstances. It is Advisor's discretion whether or not it will manage an account that is not maintained at one of the custodians recommended by Advisor. The qualified custodian maintains custody of all client funds and securities. Advisor does not act as custodian and does not have direct access to client funds and securities.

Advisor is granted trading authorization on client accounts and provides these services on either a discretionary or non-discretionary basis. On a discretionary basis, Advisor may make all decisions to buy, sell or hold securities, cash or other investments in the managed account in Advisor's sole discretion without consulting with the client before making any transactions. However, it is Advisor's practice to try and speak with clients before implementing transactions. Clients must provide Advisor with written authorization to exercise this discretionary authority, and they can place reasonable restrictions and limitations on the discretionary authority. If asset management services are provided on a non-discretionary basis, this means that Advisor always contacts the client before implementing any transactions in an account. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

Advisor charges for investment supervisory services based on a percentage of assets under management. The fee is charged as either a flat annual percentage or based on a tiered schedule. Advisor has the sole discretion to determine whether the fee is a flat fee or a tiered schedule fee and considers the complexity of the client's situation and portfolio holdings when determining the billing. If charged as an annual flat percentage, the rate is up to 2% of the assets under management and negotiable based on the complexity of the client's financial situation, the types of assets/classes maintained in the managed account(s), the amount of assets under management, whether the managed account is a qualified or non-qualified account, the relationship Advisor has with the client, other accounts that Advisor is managing for the client or related persons of the client, the level of knowledge and experience of the Advisor representative providing the services and whether or not Advisor has discretionary authority over the account.

In most instances, Advisor uses the following tiered fee schedule to determine the annual percentage fee charged:

<b><u>Account Value</u></b>	<b><u>Client Fee</u></b>
First \$500,000	1.25%
Next \$500,000	1.10%
Next \$1,000,000	0.85%
Next \$2,000,000	0.70%
Over \$4,000,000	Negotiable

Tiered percentage fees are also negotiable and Advisor considers the same factors as for the annual flat fee. In all cases, Advisor discloses the exact services and fee (schedule) prior to services being provided.

Advisor exempts certain assets maintained in the account from management fees. These exempted assets are disclosed in an addendum to the client agreement for services.

Advisory fees are billed at the end of each quarter and calculated based on the account balance at the end of the quarter. If an account is created mid-quarter, the initial fee is prorated based on the number of days services were provided. Fees are deducted from a client's account and the client must provide the account custodian with written authorization to have fees deducted from the account and paid directly to Advisor. Clients should review account statements received from their account custodian and verify that appropriate advisory fees are being deducted.

Clients may be charged fees by other parties in connection with the investment advice provided by Advisor. These other fees may include brokerage commissions and/or transaction fees charged by the client's custodian. In addition, clients may incur certain charges imposed by third parties other than Advisor in connection with investments made through the account including, but not limited to, mutual fund sales loads, 12(b)-1 fees, contingent deferred sales charges and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. Management fees charged by Advisor are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to the client. A description of these fees and expenses are available in each security prospectus.

Either party may terminate the agreement for services at any time by providing written notice to the other party. Termination is effective upon receipt of the notice. If services are terminated within 5 business days of executing the agreement, services are terminated without penalty and no fees are due. If services are terminated after the initial five day period, fee is prorated based on the number of days that services are provided prior to receipt of notice of termination.

Clients should be aware that management services billed as a percentage of assets managed could still lead to potential conflicts of interest between Advisor and clients. For example, conflicts could arise relating to financial decisions in life such as incurring or paying down debt; gifting to charities or individuals; purchasing a home, car or other non-investment assets; purchasing a lifetime immediate annuity; travel or other expenditures; investments in private equity programs (private real estate ventures, closely held businesses, etc.); and placing funds in non-managed cash reserve accounts. Advisor's goal is that its recommendations are always made with the best interests of its clients in mind, disregarding any impact the decision has on Advisor.

### **Asset Management – SEI Program**

Some of Advisor's asset management services are provided through the SEI Management Program ("SEI Program"). In this program, SEI Private Trust Company ("SEI") provides advisory services and administrative support services to Advisor through separately managed accounts and through model asset allocation portfolios. The model asset allocation portfolios are designed by SEI and are made up of mutual funds administered by SEI Investment Management Corp. Advisor can suggest modifications to a standard SEI models to more adequately address the client's individual needs. SEI also provides advice

to Advisor relative to reallocating and rebalancing investments in the asset allocation programs. Clients may place reasonable restrictions on the nature of the funds held in their portfolio or the allocation among various asset classes.

Advisor determines the client's current financial situation, financial goals and risk tolerance and its representatives use this information to determine the initial asset allocation model recommended to the client. Once the client's asset allocation has been established, Advisor's representatives assist the client to establish an account at SEI. SEI maintains custody of all client accounts. Then, the client's portfolio is implemented using the mutual funds advised by SEI and other investments recommended by Advisor. The percentage allocation of a client's assets among applicable securities may vary significantly from the original asset model recommended by Advisor. This is due to factors such as increases or decreases in the value of the securities, dividends, capital gains or other distributions and deducting Advisor's unpaid fees from the client's account.

SEI Investments Management Corporation selects the investment managers of the underlying mutual funds and uses institutional investment management firms. SEI monitors the fund managers to ensure their investment styles and performance remain consistent with the objectives of the mutual funds. SEI has the sole responsibility to monitor the individual managers of the available funds and asset allocation portfolios to ensure compliance within the structure of each fund's objectives. SEI has full authority to add or delete a particular fund or asset class to their selected group of fund alternatives.

Advisor meets periodically with clients to ensure their goals remain consistent with the allocation strategy being utilized. In addition, Advisor monitors SEI for compliance with the fund's stated objective. Advisor may manage SEI accounts on a discretionary basis. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

Advisor charges an annual fee for its asset management services through SEI that is based on a percentage of the assets under management at SEI. The fee is charged as either a flat annual rate or based on a tiered schedule. Advisor has the sole discretion to determine whether the fee is a flat fee or a tiered schedule fee and considers the client's relationship with Advisor as well as the complexity of the account when determining the billing. If charged as an annual flat rate, the rate is up to 2% of the assets under management and negotiable based on the complexity of the client's financial situation, the types of assets/classes maintained in the managed account(s), the amount of assets under management, whether the managed account is a qualified or non-qualified account, the relationship Advisor has with the client, other accounts that Advisor is managing for the client or related persons of the client, the level of knowledge and experience of the Advisor representative providing the services and whether or not Advisor has discretionary authority over the account.

In most instances, Advisor uses the following tiered fee schedule to determine the annual percentage fee charged:

<u>Account Value</u>	<u>Client Fee</u>
First \$500,000	1.25%
Next \$500,000	1.10%
Next \$1,000,000	0.85%
Next \$2,000,000	0.70%
Over \$4,000,000	Negotiable

Tiered percentage fees are also negotiable and Advisor considers the same factors as for the annual flat fee. In all cases, Advisor discloses the exact services and fee (schedule) prior to services being provided.

Advisor exempts certain assets maintained in the account from management fees. These exempted assets are disclosed in an addendum to the client agreement for services.

Advisory fees are billed at the end of each quarter and calculated based on the account balance at the end of the quarter. If an account is created mid-quarter, the initial fee is prorated based on the number of days services were provided. Fees are deducted from a client's account and the client must provide the account custodian with written authorization to have fees deducted from the account and paid directly to Advisor. Each quarter SEI sends the client an account statement that includes a management fee notification which shows the computed fee, any adjustments to fee, an explanation of any adjustment and the net management fee to be deducted later in the period from the client's account. Clients should review account statements received from SEI and verify that appropriate advisory fees are being deducted.

SEI may charge both client fees and a separate custodial fee for the custody services it provides to the client's account. Complete details on SEI fees and expenses are disclosed in SEI's Disclosure Brochure that is given to all clients. The exact fee and/or fee schedule for each client is disclosed in SEI's client agreement. In addition, mutual funds held in a client's account pay their own advisory fees and other expenses and these fees and expenses are explained in each mutual fund's prospectus. The fees and expenses are separate charges from the management fees charged by Advisor to client.

Either party may terminate the agreement for services at any time by providing written notice to the other party. Termination is effective upon receipt of the notice. If services are terminated within 5 business days of executing the agreement, services are terminated without penalty and no fees are due. If services are terminated after the initial five day period, fee is prorated based on the number of days that services are provided prior to receipt of notice of termination.

Clients should be aware that management services billed as a percentage of assets managed could still lead to potential conflicts of interest between Advisor and clients. For example, conflicts could arise relating to financial decisions in life such as incurring or paying down debt; gifting to charities or individuals; purchasing a home, car or other non-investment assets; purchasing a lifetime immediate annuity; travel or other expenditures; investments in private equity programs (private real estate ventures, closely held businesses, etc.); and placing funds in non-managed cash reserve accounts. Advisor's goal is that its recommendations are always made with the best interests of its clients in mind, disregarding any impact the decision has on Advisor.

### **Retirement Plan Consulting Services**

Advisor offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, Advisor's retirement plan services can include, but are not limited to, the following services:

#### **Fiduciary Consulting Services**

- **Investment Policy Statement Preparation.** Advisor helps clients develop an investment policy statement. The investment policy statement establishes the investment policies and objectives for the plan. Clients have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- **Non-Discretionary Investment Advice.** Advisor provides clients with general, non-discretionary investment advice regarding assets classes and investment options, consistent with the plan's investment policy statement.
- **Investment Selection Services.** Advisor provides clients with recommendations of investment options consistent with ERISA Section 404(c).
- **Investment Due Diligence Review.** Advisor provides clients with periodic due diligence reviews of the plan's reports, investment options and recommendations.
- **Investment Monitoring.** Advisor assists in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement. Advisor makes recommendations to maintain or remove and replace investment options.

- Default Investment Alternative Advice. Advisor provides clients with non-discretionary investment advice to assist with developing qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the plan or who otherwise fail to make an investment election. Clients retain the sole responsibility to provide all notices to participants required under ERISA Section 404(c)(5).
- Individualized Participant Advice. Upon request, Advisor provides one-on-one advice to plan participants regarding their individual situations.

Advisor acknowledges that in performing the fiduciary consulting services listed above it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of the *Employee Retirement Income Security Act of 1974* ("ERISA") for purposes of providing non-discretionary investment advice only. Advisor acts in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Advisor to be a fiduciary as a matter of law. However, in providing the fiduciary consulting services, Advisor (a) has no responsibility and does not (i) exercise any discretionary authority or discretionary control respecting management of the client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of the client's retirement plan or (iii) have any discretionary authority or discretionary responsibility in the administration of the client's retirement plan or the interpretation of the client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets and (c) is not the "administrator" of the client's retirement plan as defined in ERISA.

#### Non-Fiduciary Services

- Participant Education. Advisor provides education services to plan participants about general investment principles and the investment alternatives available under the plan. Advisor's assistance in participant investment education is consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations do not take into account the individual circumstances of each participant and individual recommendations are not provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.
- Participant Enrollment. Advisor assists clients with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.
- Qualified Plan Development. Advisor assists clients with establishing a qualified plan by working with clients and a selected third party administrator. If clients have not already selected a third party administrator, Advisor assists clients with reviewing and selecting a third party administrator for the plan.
- Due Diligence Review. Advisor provides clients with periodic due diligence reviews of the plan's fees and expenses and the plan's service providers.

Although an investment adviser is considered a fiduciary under the *Investment Advisers Act of 1940* and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the plan as the term "fiduciary" is defined in Section 3(21)(A)(ii) of ERISA. The exact services provided to clients are listed and detailed in the Qualified Retirement Plan Agreement.

All recommendations of investment options and portfolios are submitted to the client for ultimate approval or rejection. Therefore, it is always the client's responsibility to accept Advisor's investment recommendations and then physically make changes to the plan itself.

In the event a client contracts with Advisor for one-on-one consulting services with plan participants, those services are consultative in nature and do not involve Advisor implementing recommendations in individual participant accounts. It is the responsibility of each participant to implement changes in the

participant's individual accounts. We can also meet with individual participants to discuss their specific investment risk tolerance, investment time frame and investment selections.

Retirement plan consulting services are not management services, and Advisor does not serve as administrator or trustee of the plan. Advisor does not act as custodian for any client account or have access to client funds or securities (with the exception of some accounts having written authorization from the client to deduct advisory fees). In addition, Advisor does not implement any transactions in a retirement plan or participant's account. For retirement plan consulting services, the retirement plan or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

Advisor will disclose to client, to the extent required by ERISA Regulation Section 2550.408b-2(c), any change to the information that Advisor is required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which Advisor is informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond Advisor's control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), Advisor will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or plan administrator (unless such disclosure is precluded due to extraordinary circumstances beyond Advisor's control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If Advisor makes an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), Advisor will disclose to the client the correct information as soon as practicable, but no later than thirty (30) days from the date on which Advisor learns of such error or omission.

For retirement plan sponsors, services can be charged as a percentage of plan assets, as a fixed fee or as an hourly fee. If charged as a percentage, the maximum fee is 2.00% annually and is negotiable based upon the complexity of the plan, the composition of plan assets, the actual services provided, the client's relationship with Advisor, and other client accounts. The agreed upon fee is disclosed to the client prior to any services being provided. Fees are billed quarterly in arrears and calculated as of the fair market value of the assets on the last day of the calendar quarter. Accounts opened mid-quarter are prorated based on the number of days that services are provided in the quarter.

If fixed fees are charged, the maximum fee is \$10,000. Hourly fees are billed at a maximum rate of \$300 per hour. Both fixed and hourly fees are negotiable based upon the complexity of the plan, the actual services provided and the client's relationship with Advisor. The agreed upon fee is disclosed to the client prior to any services being provided. At Advisor's sole discretion, the client may be required to pay a portion of the fixed or hourly fee up front in the form of a retainer; however, at no time will Advisor require payment of more than \$1,200 in fees more than six months in advance. Upon completion of the services, the fixed or hourly fee is considered earned by Advisor and any unpaid amount is immediately due.

Retirement plan sponsors may elect to pay all or a portion of fees for the individualized services provided by Advisor to the plan participants.

Clients can elect to have the fee deducted from their account or billed directly and due upon receipt of the billing notice. If clients elect to have the fee automatically deducted from an existing account, they are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to Advisor. If fees are billed directly, they are due upon receipt of Advisor's billing statement.

Either party may terminate services by providing written notice to the other party. Termination is effective upon receiving that notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Percentage fees are prorated based upon the number of days services were provided during the calendar quarter. Fixed fees are prorated based upon the percentage of services completed at the effective date of termination. Hourly fees are prorated based upon the hours expended to the effective date of termination multiplied by the agreed upon hourly rate. Any prepaid but unearned fees are promptly refunded to the client. Advisor provides a detailed billing statement and any fees due are payable upon receipt of that statement.

Advisor does not reasonably expect to receive any other compensation, direct or indirect, for its services. If we receive any other compensation for such services, we (i) offset that compensation against Advisor's stated fees and (ii) disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to the client.

### **Additional Compensation**

Some of Advisor's representatives are independently licensed insurance agents and can earn commissions when selling insurance products in this separate capacity. Clients are not obligated to purchase insurance products through Advisor's representatives.

From time to time, Advisor 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. Advisor and its representatives endeavor at all times to put the interest of the clients first as a part of their fiduciary duty. However, clients should be aware that the receipt of additional compensation through nominal sales awards, expense reimbursements, etc. creates a potential conflict of interest that may impact the judgment of the IARs when making advisory recommendations.

### **Comparable Services**

Advisor believes its 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. Advisor does not receive performance-based fees.

## **Item 7 – Types of Clients**

Advisor generally provides investment advice to the following types of clients.

- Individuals
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

## **Minimum Investment Amounts Required**

Advisor charges a minimum fixed fee of \$250 for comprehensive financial planning services. There are no minimum requirements for opening or maintaining account.

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

### **Methods of Analysis**

Advisor uses fundamental analysis when considering investment strategies and recommendations for clients. Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, an analyst tries 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). 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.

There are risks when using fundamental analysis. It 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). 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. Fundamental analysis usually involves less frequent trading practices, which could have a positive or negative impact on a client's portfolio value but likely has reduced brokerage and transaction costs.

### **Investment Strategies**

The investment strategies Advisor uses when implementing investment advice to clients include:

- Long term purchases (Investments held at least a year.)
- Short term purchases (Investments sold within a year.)
- Trading (Investments sold within 30 days.)
- Short sales (Borrowing securities in anticipation of a price decline and returning an equal number of securities at some future time.)
- 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.)

Advisor may also use asset allocation models for various investment strategies.



## **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

### **Primarily 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**

Advisor does 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
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

Advisor is an independent registered investment advisor and only provides investment advisory services. It is not engaged in any other business activities and offers no other services except those described in this Disclosure Brochure. However, while Advisor does not sell products or services other than investment advice, its representatives may sell other products or provide services outside of their role as investment advisor representatives.

### **Insurance Sales**

Some of Advisor’s 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. Clients are under no obligation to direct insurance transactions to insurance

companies with which Advisor's representatives may be licensed. Suitable insurance and investment products may be available from other companies.

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

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisers to establish, maintain and enforce a Code of Ethics. Advisor has established a Code of Ethics that applies to all of its associated persons. An investment adviser is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of clients at all times. Advisor has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for its Code of Ethics, which also covers its insider trading and personal securities transactions policies and procedures. Advisor requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Once employed by or affiliated with Advisor, and at least annually thereafter, all supervised persons sign an acknowledgement that they have read, understand and agree to comply with Advisor's Code of Ethics. Advisor has the responsibility to make sure that the interests of all clients are placed ahead of its or its supervised persons' own investment interests. Full disclosure of all material facts and potential conflicts of interest is provided to clients prior to any services being conducted. Advisor and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect its duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of Advisor's Code of Ethics. However, if a client or a potential client wishes to review Advisor's Code of Ethics in its entirety, a copy is provided promptly upon request.

Some of our representatives are also Certified Financial Planners<sup>™</sup>. In addition to abiding by Advisor's Code of Ethics, they also abide by the Code of Ethics and Responsibility Code of the Certified Financial Planner<sup>™</sup> Board of Standards, Inc. The Code of Ethics and Responsibility Code requires CFP<sup>®</sup> designees to not only comply 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<sup>®</sup> 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

Clients can obtain a copy of the Code of Ethics and Responsibility Code by requesting a copy from one of Advisor's representatives.

Advisor and its representatives may buy or sell securities or have an interest or position in a security for their personal account that they also recommend to clients. Advisor is and shall 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 a policy of Advisor that no associated persons will prefer his or her own interest to that of the advisory client. No person employed by Advisor 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. In order to help minimize the conflict of interest, securities recommended by Advisor are widely held and publicly traded.

## Item 12 – Brokerage Practices

Clients wishing to implement Advisor's advice are free to select any broker/dealer or investment advisor they wish and are so informed, although clients contracting for Advisor's management services may be required to establish an account at SEI Trust Company. SEI Trust Company then selects the broker/dealer(s) through which it executes all client trades. Best execution of client transactions is an obligation Advisor takes seriously and is a catalyst in the decision of using this account custodian. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. Overall custodial support services, trading support services, trade correction services and statement preparation are some of the other factors determined when suggesting an account custodian. Advisor does not have any soft dollar arrangements.

The custodians for Advisor's clients may make available other products and services at a reduced cost or at no cost. These other products and services may benefit Advisor but may not benefit its clients' accounts. Some of these other products and services assist Advisor in managing and administering clients' accounts, including:

- Software and other technology that provide access to client account data (such as trade confirmations and account statements)
- Facilitation in trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Research, pricing information and other market data
- Facilitation for payment of fees to Advisors from clients' accounts
- Assistance with back-office functions, record-keeping and client reporting.

These custodians may also offer other services intended to help Advisor manage and further develop its business enterprise, such as:

- Consulting
- Publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing

As a fiduciary, Advisor endeavors to act in its clients' best interests. However, its recommendation that clients maintain their assets in accounts at certain custodians may be based in part on the benefit to Advisor of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by such custodians. This may create a potential conflict of interest. Clients are under no obligation to act on the recommendations of Advisor. If Advisor assists in implementing of any recommendations, Advisor is responsible to ensure that the client receives the best execution possible.

Clients may select a broker/dealer or account custodian different from the one recommended by Advisor and direct Advisor to use that broker/dealer or custodian to maintain custody of their assets. Advisor is not obligated to provide management services that other custodian and has discretion to reject the client's request for directed brokerage. If Advisor does not agree to manage the client's assets at another custodian, the client will be free to choose a custodian recommended by Advisor or to choose another advisor to manage their assets. When a client directs the use of a particular broker/dealer or other custodian, Advisor may not be able to obtain the best price and execution for the transaction. Clients who direct the use of a particular broker/dealer or custodian may receive less favorable prices than would

otherwise be the case if clients had not designated a particular broker/dealer or custodian. Further, directed trades may be placed by Advisor after effecting non-directed trades.

### **Block Trading**

Investment advisors may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. Advisor does not engage in block trading.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Clients contracting for financial planning services receive on-going services for one year after presentation of the comprehensive or modular plan. During this period, clients can visit with Advisor about any aspect of the plan as originally prepared, including reviews and updates.

Accounts at third party money managers are reviewed at least quarterly, usually when copies of statements are received from the money manager. Managed accounts are also reviewed at least quarterly.

Advisor's representatives are responsible for reviewing their own accounts. Although the calendar is the main triggering factor, account reviews are also conducted due to client request, due to a change in client circumstances, account holdings or investment objectives or due to unusual economic conditions or market activity.

Absent specific client instruction, accounts are reviewed relative to asset allocations in the client's portfolio(s), accuracy of portfolio holdings, continuing suitability of investment products and to check that account performance is still working toward the client's goals and objectives.

### **Account Reports**

Financial planning accounts do not receive any reports other than the financial plan included as a part of the services originally contracted for.

Managed accounts and accounts at third party money managers receive account statements at least quarterly from the account custodian. Clients with accounts in the SEI Program will receive quarterly asset allocation portfolio accounts from SEI Trust Company that provide a detailed analysis of the client's portfolio during the quarter, the fair market values of the mutual funds held in the portfolio and the portfolio's investment performance during the quarter.

Advisor does not provide any additional performance reports, position reports or account statements to clients. Clients utilizing the eMoney Advisor aggregation services are able to go online and view their account summary.

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

### **Client Referrals**

Advisor does not directly or indirectly compensate anyone for referring clients to Advisor.

## **Other Compensation and Economic Benefit**

For additional discussion on other compensation received by Advisor, its owners or its representatives, please refer to **Additional Compensation** under **Item 5, Fees and Compensation**, and **Item 10, Other Financial Industry Activities and Affiliations**. Please see **Item 12, Brokerage Practices**, for discussion about the services and products Advisor may receive from SEI Trust Company.

## **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. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. 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**

Asset management services are provided on a discretionary or non-discretionary basis. If management services are provided on a discretionary basis, Advisor makes all decisions to buy, sell or hold securities, cash or other investments in the managed account in its sole discretion without consulting with the client before implementing any transactions. Clients must provide Advisor with written authorization to exercise this discretionary authority. Clients can impose reasonable restrictions on management of their accounts.

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

If management services are provided on a non-discretionary basis, Advisor always contacts clients before implementing any transactions in an account. Clients must accept or reject Advisor's 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, Advisor is responsible for making decisions regarding the timing of the purchase or sale and the price at which it is bought or sold. Clients should know that if they are not able to be reached or are slow to respond to Advisor's request, it can have an adverse impact on the timing of implementing trades and Advisor may not achieve the optimal trading price.

## **Item 17 – Voting Client Securities**

Advisor does not perform proxy-voting services on a client's behalf, and proxy materials are sent directly to clients. Clients are instructed to read through the information provided with the proxy-voting documents and make a determination based on the information provided. If clients request, Advisor's representatives may provide limited clarifications of the issues presented in the proxy voting materials based on their understanding of issues presented in the proxy-voting materials. However, clients have the ultimate responsibility for making all proxy-voting decisions.

## **Item 18 – Financial Information**

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

## **Class Action Lawsuits**

Client retains the right under applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for client. Advisor does not initiate such a legal proceeding on behalf of client and does not provide legal advice to client regarding potential causes of action against such a security issuer and whether the client should join a class-action lawsuit. Advisor recommends that client seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Moreover, Advisor's services do not include monitoring or informing client of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for client.

## **Customer Privacy Policy**

Regulation S-P requires investment advisor firms to protect the privacy of customer information. In situations where a financial institution does disclose customer information to non-affiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Advisor does not share or disclose customer information to non-affiliated third parties except as permitted or required by law.

Advisor is committed to safeguarding the confidential information of its clients. Advisor holds all personal information provided by clients in the strictest confidence and it is the objective of Advisor to protect the privacy of all clients. Except as permitted or required by law, Advisor does not share confidential information about clients with non-affiliated parties. If there is a change in this policy, Advisor provides clients with written notice and clients are provided an opportunity to direct Advisor whether such disclosure is permissible.

To conduct regular business, Advisor may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to the advisor
- Information about the client's transactions implemented by the advisor or others
- Information developed as part of analyses or investment advisory services

To administer, manage, service and provide related services for client accounts, it is necessary for Advisor to provide access to customer information within the firm and to non-affiliated companies with whom Advisor has entered into agreements. To provide the utmost service, Advisor may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on Advisor's behalf.

- Information Advisor receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with Advisor or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with Advisor

Since Advisor shares non-public information solely to service client accounts, Advisor does not disclose any non-public personal information about Advisor's customers or former customers to anyone except as permitted by law. However, Advisor may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.