

## **Firm Brochure**

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Clay Northam Wealth Management, LLC. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 562-799-5547 or by email at [dnortham@claynortham.com](mailto:dnortham@claynortham.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Clay Northam Wealth Management, LLC (IARD #159002) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

January 25, 2012

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

Since the last filing in October 2011, the firm is switching from a SEC registered investment advisor to a state registered investment advisor in the states of California and Texas.

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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

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## **Item 4: Advisory Business**

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### **Firm Description**

Clay Northam Wealth Management, LLC, (“Advisor”) was founded in 2011. Brian Clay and Darren Northam are 50% owners.

Advisor provides personalized confidential financial planning and asset management to individuals, pension and profit sharing plans, trusts, estates, and charitable organizations. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Advisor is a fee-based financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm’s Managing Member is affiliated with an entity that sells financial insurance products.

An evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement or risk analysis. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Under CCR Section 260.238(k), Advisor, its representatives or any of its employees will disclose to the clients all material conflicts of interest.

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### **Types of Advisory Services**

Advisor furnishes investment advice through consultations.

On more than an occasional basis, Advisor furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

#### **ASSET MANAGEMENT**

As part of the asset management service, the Advisor creates a portfolio which may consist of individual stocks, bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities and investments. The client’s individual investment strategy is tailored to the client’s specific needs and may include some or all of the above referenced investments.

#### **FINANCIAL PLANNING AND CONSULTING**

If financial planning services are applicable, the client will compensate Advisor on an hourly or fixed fee basis described in detail under “Fees and Compensation” section of this brochure. Services include but are not limited to a thorough review of all applicable topics including Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and

Personal Financial Planning. Under California Code of Regulations, 10 CCR Section 260.235.2 requires that the conflict of interest which exists between the interests of the investment advisor and the interests of the client when offering financial planning services is disclosed. The client is under no obligation to act upon the investment advisor's recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through Advisor. Financial plans will be completed and delivered inside of six (6) months. Clients may terminate advisory services with thirty (30) days written notice.

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**Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written client consent.

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**Wrap Fee Programs**

Advisor is a sponsor of a wrap program which is described in Form ADV Part 2A Appendix of the Form ADV. The Advisor also utilizes the Charles Schwab & Co., Inc. Managed Account Select program.

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**Client Assets under Management**

As of December 31, 2011, Advisor has approximately \$43 million of client assets under management on a discretionary basis and \$110,000 on a non-discretionary basis.

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**Item 5: Fees and Compensation**

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**Method of Compensation and Fee Schedule**

Advisor bases its fees on hourly charges, fixed fees and assets under management.

**ASSET MANAGEMENT**

Advisor offers discretionary direct asset management services to advisory clients. Advisor offers clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors.

Fees for these services will be based on a percentage of Assets Under Management as follows:

Assets Under Management	Maximum Annual Fee
All accounts	2.0%

The annual Fee may be negotiable. Accounts within the same household may be combined for a reduced fee. Fees are billed quarterly in advance based on the amount of assets managed as of the last business day of the previous quarter.

Quarterly advisory fees deducted from the clients' account by the custodian will be reflected in a provided fee invoice as fees are withdrawn. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services with thirty (30) days written notice. The client will be entitled to a pro rata fee for the days service was not provided in the final quarter. Client shall be given thirty (30) days prior written notice of any increase in fees.

#### FINANCIAL PLANNING and CONSULTING

Lower fees for comparable services may be available from other sources. Prior to the planning process the client will be provided an estimated plan fee. Services include but are not limited to a thorough review of all applicable topics including Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning. The payment is due half at the time of signing the agreement with the balance due upon within thirty (30) days of the delivery of the plan or consultation. Client may cancel within five (5) business days of signing Agreement for a full refund. If the client cancels after five (5) business days, either the client will receive a refund or owe the Advisor based on the amount of work completed.

#### HOURLY FEES

Financial Planning Services are offered based on an hourly fee of \$250 per hour.

#### FIXED FEES

Financial Planning Services are offered based on a negotiable fixed fee between \$500 and \$10,000 based on complexity and unique client needs.

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### **Client Payment of Fees**

Asset Management Fees are paid on a quarterly basis in advance. Fees for financial plans are due half at the time of signing the agreement with the balance due upon delivery of the plan. All plans are delivered inside of six (6) months.

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### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Advisor, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).



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**Prepayment of Client Fees**

Investment management fees are billed quarterly in advance.

Financial Plans are billed 50% in advance.

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**External Compensation for the Sale of Securities to Clients**

The owners of the Advisor are also registered representatives of Purshe Kaplan Sterling Investments, Inc., ("PKS"), member FINRA/SIPC. They may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds.

This represents a conflict of interest because it gives an incentive to recommend products and services based on the commission and/or fee amount received. This conflict is mitigated by the fact that Mr. Clay and Northam have a fiduciary responsibility to place the interests of the client first and clients are not required to purchase any products or services. Clients have the option to purchase these products or services through another registered representative of their choosing.

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**Item 6: Performance-Based Fees**

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**Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Advisor does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

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**Item 7: Types of Clients**

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**Description**

Advisor generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

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**Account Minimums**

Advisor does not require a minimum to open an account.

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

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**Methods of Analysis and Investment Strategies**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis. Investing in securities involves risk of loss that clients should be prepared to bear.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

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**Investment Strategy and Method of Analysis Material Risks**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement or Risk Tolerance that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions and option writing (including covered options, uncovered options or spreading strategies).

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**Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- *Liquidity Risk*: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk*: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

The firm and its management have not been involved in any criminal or civil action.

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### **Administrative Enforcement Proceedings**

The firm and its management have not been involved in administrative enforcement proceedings.

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### **Self Regulatory Organization Enforcement Proceedings**

The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients.

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

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### **Broker-Dealer or Representative Registration**

The owners of Clay Northam Wealth Management, LLC are affiliated as registered representatives with Purshe Kaplan Sterling Investments, Inc. ("PKS"), member FINRA/SIPC.

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### **Futures or Commodity Registration**

Neither Advisor nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

The owners of Clay Northam Wealth Management, LLC are affiliated as registered representatives with Purshe Kaplan Sterling Investments, Inc. ("PKS"), member FINRA/SIPC and insurance agents. From time to time, they will offer clients advice or products from those activities.

These practices represent conflicts of interest because it gives an incentive to recommend products based on the commission or fee amount received. This conflict is mitigated by the fact that Mr. Clay and Mr. Northam have a fiduciary responsibility to

act in the best interest of the clients and clients are not required to purchase any products. Clients have the option to purchase these products and/or through another registered representative or insurance agent of their choosing.

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**Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

Advisor does not solicit the services of Third Party Money Managers to manage client accounts.

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

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**Code of Ethics Description**

The employees of Advisor have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of Advisor employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of Advisor. The Code reflects Advisor and its supervised persons' responsibility to act in the best interest of their client.

One area in which the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

Advisor's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of Advisor may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Advisor's Code of Ethics is based on the guiding principle that the interests of the client are our top priority. Advisor's officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When the potential for conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code of Ethics applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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**Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

Advisor and its employees do not recommend to clients securities in which we have a material financial interest.

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**Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Advisor and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Advisor with copies of their brokerage statements.

The Chief Compliance Officer of Advisor is Darren Northam. He reviews all employee trades each quarter. The personal trading reviews helps mitigate that the personal trading of employees does not affect the markets and that clients of the firm have received preferential treatment over employee trades.

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**Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Advisor does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist.

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**Item 12: Brokerage Practices**

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**Factors Used to Select Broker-Dealers for Client Transactions**

Advisor may recommend the use of a particular broker-dealer or may utilize a broker-dealer of the client's choosing. Advisor will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. Advisor relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by Advisor.

- *Directed Brokerage*

In circumstances where a client directs Advisor to use a certain broker-dealer, Advisor still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: Advisor's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among clients, and conflicts of interest arising from brokerage firm referrals.

- *Best Execution*

Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios,

the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

- *Soft Dollar Arrangements*

Advisor has an arrangement with Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab Advisor Services/Schwab"). Under the arrangement with Schwab Advisor Services/Schwab Advisor receives services which include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support our firm in conducting business and in serving the best interests of clients but that may benefit Advisor. Advisor may offer certain qualified clients trading services which gives Advisor the ability to execute trades through PKS, for client assets custodied at Schwab.

As part of the arrangement, Schwab Advisor Services/Schwab also makes certain research and brokerage services available at no additional cost to Advisor. These services include certain research and brokerage services, including research services obtained by Schwab Advisor Services/Schwab directly from independent research companies, as selected by Advisor (within specific parameters). Research products and services provided by Schwab Advisor Services/Schwab to Advisor may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Schwab Advisor Services/Schwab to Advisor in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by Advisor to manage accounts for which Advisor has investment discretion. Without this arrangement, Advisor might be compelled to purchase the same or similar services at its expense.

As a result of receiving the services for no additional cost, Advisor may have an incentive to continue to use or expand the use of Schwab Advisor Services/Schwab's services. Advisor examined this potential conflict of interest when choosing to enter into the relationship with Schwab Advisor Services/Schwab and has determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including Advisor to seek best execution.

Schwab Advisor Services/Schwab charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Schwab Advisor Services/Schwab enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Schwab Advisor Services/Schwab's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by Schwab Advisor Services/Schwab may be higher or lower than those charged by other custodians and broker-dealers.

Advisor's non-wrap fee program clients may pay a commission to Schwab Advisor Services/Schwab that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Advisor will seek competitive rates, to the benefit of all clients, Advisor may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Although the investment research products and services that may be obtained by Advisor will generally be used to service all clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

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**Aggregating Securities Transactions for Client Accounts**

Advisor does not trade for its or its clients accounts and therefore aggregation of securities transactions is not applicable.

**Item 13: Review of Accounts**

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**Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Asset Management Account reviews are performed quarterly by the Financial Advisor or Portfolio Manager. The nature of the reviews is to learn whether the accounts are in line with the client's investment objectives, appropriately positions based on market conditions, and investment policies, if applicable. Account reviews are performed more frequently when market conditions dictate. Financial Plans are considered complete when recommendations are delivered to the client and a review is done only upon request of client.

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**Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

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**Content of Client Provided Reports and Frequency**

Clients receive account statements no less than quarterly for managed accounts. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

## Item 14: Client Referrals and Other Compensation

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### **Economic benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Advisor may recommend/require clients to establish brokerage accounts with the Charles Schwab & Co., Inc., a FINRA/SIPC registered broker-dealer (“Schwab”) to maintain custody of clients’ assets and to effect trades for their accounts. It is the client’s ultimate decision to utilize the services of Schwab. Advisor and Schwab are not affiliated.

Schwab provides Advisor with access to its institutional trading and custody services which are not typically available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them if the advisor maintains at least \$10 million of client assets with Schwab Advisor Services. The services are contingent upon Advisor committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab’s brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Advisor’s client accounts maintain in Schwab’s custody, Schwab generally does not charge separately for custody services but is compensated by our firm through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Advisor Services also makes available to us other products and services that benefit Advisor but may not directly benefit the clients’ accounts. Many of these products and services may be used to service all or some substantial number of our firm’s clients’ accounts, including accounts not maintained at Schwab.

Schwab’s products and services that assist Advisor in managing and administering clients’ accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Advisor’s fees from its clients’ accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help Advisor manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Advisor. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Advisor. Schwab Advisor Services may also provide other



benefits such as educational events or occasional business entertainment of Advisor's personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, Advisor may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors Advisor considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest.

Inasmuch as Advisor will pay to Schwab the transaction/executions costs associated with equities transactions, a potential disincentive to trade securities may be presented.

Advisor may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) under a *Solicitors Agreements* and in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. Such referral fee represents a share of the Annual Fee paid to Advisor by clients. The fees charged to the clients are not increased because of the referral fees paid. All clients referred by Solicitors to Advisor will be given full written disclosure describing the terms and fee arrangements between the Advisor and Solicitor(s). In states which require Solicitors to be registered, Advisor will not pay solicitor fees. If Advisor enters into a Solicitor Agreement with another registered investment advisor, the licensure of the individual will be the responsibility of the soliciting firm.

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#### **Advisory Firm Payments for Client Referrals**

Advisor may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to the client. In this regard, Advisor maintain *Solicitors Agreements* in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to Advisor will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, Advisor ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If Advisor is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

### **Item 15: Custody**

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#### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to the performance report statements prepared by the Third Party Money Managers.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

Advisor accepts discretionary authority to manage securities accounts on behalf of clients. Advisor has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, Advisor consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. Advisor does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

## **Item 17: Voting Client Securities**

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### **Proxy Votes**

Advisor does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent. Client may call, write, or email Advisor to discuss questions about a particular proxy vote or other solicitations.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because Advisor does not serve as a custodian for client funds or securities and Advisor does not require prepayment of fees of more than \$500 per client and six months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Advisor has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### **Bankruptcy Petitions during the Past Ten Years**

Neither Advisor nor its management has had any bankruptcy petitions in the last ten years.

## **Item 19: Requirements for State Registered Advisors**

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**Education and business background, including any outside business activities for all management and supervised persons can be found in the Supplement to this Brochure (Part 2B of Form ADV Part 2).**

**Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities**

None to report