

# ACAS, LLC

## Firm Brochure

*This brochure provides information about the qualifications and business practices of ACAS, LLC. If you have any questions about the contents of this brochure, please contact us at (888) 500-9267. 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 ACAS, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

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*Registration does not imply a certain level of skill or training.*

Version Date: 11/5/2012

## **Item 2: Material Changes**

Since this is the first time ACAS, LLC is required to provide this brochure to you, a summary of material changes is not required. In the future this Item will discuss only material changes made since our last annual update.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

This firm has been in business since June 1, 2012 and the principal owners are Christopher A. Tate and Daniel C. Osgood. The firm was organized to provide investment consulting, discretionary advisory and financial planning services.

### **B. Types of Advisory Services**

ACAS, LLC (hereinafter "ACAS") offers the following services to advisory clients:

#### ***Investment Supervisory Services***

##### **Item 4B: Types of Advisory Services**

###### **1. Investment Consulting/Wealth Management**

ACAS furnishes investment advice through investment consulting. The Advisor will collect financial and pertinent information from the Client in order to identify objectives and goals for the engagement. The Advisor will use information provided by the Client to identify an appropriate strategy. The Advisor will consult, advise, and provide ancillary services that are of limited scope, and will be specifically outlined within Consulting and Limited Advisory Agreement. Investment Consulting and Wealth Management Clients do not grant ACAS discretionary trading authority; ACAS simply makes recommendations based on information obtained, and will execute such recommendations only upon verbal consent of the Client. For more information on consulting please refer to your Consulting and Limited Advisory Agreement.

###### **2. Discretionary Advisory**

ACAS provides discretionary advisory services to clients, tailored to the client's need based on their financial situation and investment objectives. ACAS seeks to understand clients' goals, objectives, and unique financial situation. ACAS then seeks to develop and implement a plan to assist clients in reaching their goals and objectives on an ongoing basis, and ensuring that investment recommendations are suitable for the client, in the clients' best interest, and comply with any client-imposed investment restrictions.

After review and assessment of clients' needs, portfolios are designed and managed using a mix of investments including stocks, bonds, mutual funds (stock funds, bond funds and other asset classes), options, warrants, real estate investment trusts ("REITs"), exchange-traded funds ("ETFs"), alternative investments, and other securities as chosen by ACAS. For some clients, it may be determined that an investment portfolio consisting primarily or exclusively of mutual funds is most appropriate. In these situations, a portfolio of no-load or load-waived mutual funds will be created and client assets will be allocated among various mutual funds while taking into consideration the goals and objectives of the client and the appropriate overall management style of the funds.

### **3. Financial Planning**

ACAS also provides financial planning services to clients. Financial planning services are offered on a comprehensive or a-la-carte (limited focus) basis. Financial plans may encompass all or some of the following areas of financial concern to the client:

Estate Planning Goals	Retirement Planning
Education Planning	Insurance Planning/Risk Management
Investments	Asset Allocation Review and Recommendations
Cash management & certain treasury services	Debt Management and Planning

Appropriate information will be obtained through personal interviews (including a discussion of current financial status, future goals and attitude towards risk) and the review of related documents and data supplied by the client. A written financial plan may be prepared and provided. The implementation of financial plan recommendations is entirely at the discretion of the client. Financial plans are not limited in any way to products or services provided by any particular company. However, in general, only products and services that ACAS is able to provide will be offered.

ACAS, LLC furnishes investment advice through investment consulting. The Advisor will collect financial and pertinent information from the Client in order to identify objectives and goals for the engagement. The Advisor will use information provided by the Client to identify an appropriate strategy. The Advisor will consult, advise, and provide ancillary services that are of limited scope, and will specifically outlined within Consulting and Limited Advisory Agreement. For more information on consulting please refer to your Consulting and Limited Advisory Agreement. ACAS, LLC offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. ACAS creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

ACAS evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. ACAS will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### ***Selection of Other Advisors***

ACAS may direct clients to third party money managers. The third party money manager will deduct total client fee, and then send appropriate split to ACAS, according to the terms of the client agreement with the third party money manager and ACAS. The third party managers receive its fees directly from the client for its services. This relationship will be disclosed in each contract between ACAS and each third party advisor. The fees will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, ACAS will always ensure those other advisors are properly licensed or registered as investment advisor.

## ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on fixed fees or hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

## ***Services Limited to Specific Types of Investments***

ACAS limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, third party money managers, REITs, insurance products including annuities, private placements, government securities. ACAS may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

ACAS offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent ACAS from properly servicing the client account, or if the restrictions would require ACAS to deviate from its standard suite of services, ACAS reserves the right to end the relationship.

## **D. Wrap Fee Programs**

ACAS does not participate in any wrap fee programs.

## **E. Amounts Under Management**

ACAS is a newly-formed Investment Advisor, and therefore has no Assets Under Management to report.

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$0.00	\$0.00	5/1/2012



## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Client fees are negotiable. The total fee clients will pay typically includes ACAS's fee and the platform or program fee charged by the Custodian or other third party administering the platform or program, and/or the Money Managers; for certain programs, the fees charged by the Custodian or administrator of the platform or program are separate from ACAS's fee.

Portfolio Value/Billable Assets			Equity/Balanced Annual Fee	Fixed Income Only Annual Fee
\$0	-	\$500,000	2.00%	2.00%
\$500,000	-	\$1,000,000	2.00%	1.50%
\$1,000,000	-	\$5,000,000	1.75%	1.00%
\$5,000,000	-	\$10,000,000	1.00%	0.80%
\$10,000,000		And higher	Negotiable	

These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their contracts with thirty days' written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with written authorization. Lower fees for comparable services may be available from other sources. There is no account minimum. Advisor reserves the right to waive fees for family members. Advisor may offer investment advisory services on a pro-bono basis, but will never offer any inappropriate preferential client treatment.

#### *Financial Planning Fees*

##### *Fixed Fees*

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$2,500 and \$10,000. Fees are paid 50% in advance, but never more than six months in advance with the balance due upon completion and delivery of plan. Fees that are charged in advance for financial plans are non-refundable. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

##### *Hourly Fees*

Hourly rates range from \$75 to \$250 per hour, based upon the knowledge and experience of the individual providing the work. Fees are billed in 15-minute increments. Hourly fees will be billed

monthly as the work is provided (in arrears). A standard plan development takes approximately ten hours. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid 50% in advance based on the estimated number of hours required, but never more than six months in advance, with the remainder due upon completion. Fees that are charged in advance may be refunded based on the prorated amount of work completed at the point of termination. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

### ***Flat Rate Financial Planning***

ACAS also provides financial planning services to clients who may have large assets such as real estate or a closely held business but still needs in-depth planning on an ongoing basis. These services are billed for a fixed period of time at a minimum rate of \$10,000 per year for a two year period regardless of any change in the client's net worth. Fees are paid quarterly in advance, but never more than six months in advance. Fees that are charged in advance may be refunded based on the prorated amount of work completed at the point of termination. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance. A quarterly billing invoice will be provided to the client from ACAS, LLC. Advisory fees are also clearly shown on client's monthly custodian statements.

### ***Payment of Financial Planning Fees***

**Hourly** Financial Planning fees are paid via check or withdrawal from client's accounts in advance, but never more than six months in advance, with the remainder due upon presentation of the plan. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

**Fixed** Financial Planning fees are paid via check or withdrawal from client's accounts in advance, but never more than six months in advance, with the remainder due upon presentation of the plan. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fee etc.). Those fees are separate and distinct from the fees and expenses charged by ACAS. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

ACAS collects fees in advance, and in arrears for financial planning clients. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen days of termination to the client via check.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither ACAS nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

ACAS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

ACAS generally provides investment advice to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities

### ***Minimum Account Size***

There is no account minimum.

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

### **A. Methods of Analysis and Investment Strategies**

ACAS's uses a variety of methods and strategies when formulating investment advice and managing client assets; these methods of security analysis include, but are not limited to:

Fundamental analysis, Charting, and Technical Analysis.

Other analysis methods may be utilized by in vetting potential investments for clients, including, but not limited to, conducting operational due diligence on third-party money managers and unaffiliated pooled investment vehicles.

ACAS' main sources of information in regards to security analysis include (but not limited to):

*Financial newspapers and magazines*

*Inspections of corporate activities*

*Research materials prepared by others*

*Corporate rating services*

*Annual reports, prospectuses, filings with the SEC*

*Company press releases*

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

ACAS generally uses Long-Term Trading and Short-Term Trading, but may occasionally, when circumstances permit, use Short Sale trading, Margin Transactions, and Options Writing strategies, including covered-call options, and uncovered options, or spreading strategies.

ACAS utilizes investment strategies that are designed to capture market rates of both return and risk. Trading for your account will be determined by your risk tolerance, goals, objectives, and financial circumstances. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short sale trading and margin trading can increase market risks, and in some cases can greatly magnify losses. Downside risks of short selling and margin trading are not limited to the value in your margin account, as additional collateral, cash, or securities may be needed to satisfy margin calls. Options trading, including the buying or selling of both Calls and Puts, or spread strategies with options may also greatly magnify losses. Option trading is not suitable for all investors and carries a high level of risk. ACAS will seek to only utilize trading strategies that are in the best interest of our clients, and appropriate for clients' risk tolerance.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

ACAS generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss. Investments in these securities are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in stocks & ETF's.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns.

**Bonds, fixed income, and other debt instruments:** Investing in bonds, fixed income securities, and other debt instruments carries the risk of capital losses. Investments in bonds are not guaranteed or insured by the FDIC. You can lose money investing in bonds and other debt instruments.

**REITs (Real Estate Investment Trusts):** Investing in REITs involves the risk of capital loss. REITs are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in REITs.

**Options:** Option trading, including call options and put option, carries the risk of significant capital loss, and is generally reserved for sophisticated investors. Options are not guaranteed or insured by the FDIC, or any other government agency.

**Private Placement Securities:** Private Placement securities involve the risk of capital loss, and are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in Private Placement Securities.

**Insurance Products:** Investments in insurance products, including variable and fixed annuities carries the risk of capital loss. Insurance products are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in Insurance Products.

**Government Bonds:** Investing in government bonds carries risks, including interest rate risk, inflation risk, and liquidity risk.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither ACAS nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither ACAS nor its representatives are registered as a FCM, CPO, or CTA.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither ACAS nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

All material conflicts of interest under Section 260.238 (k) of the California Corporations Code are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

ACAS may direct clients to third party money managers. ACAS will receive its fee and compensation directly from Clients. Any alternative relationship will be clearly disclosed in each contract between ACAS and each third party advisor. Any fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that ACAS has an incentive to direct clients to the third party money managers that provide ACAS with a larger fee split. ACAS will always act in the best interests of the client, including when determining which third party manager to recommend to clients. ACAS will ensure that all recommended advisors or managers are licensed or notice filed in the states in which ACAS is recommending them to clients.

## **Item 11: Code of Ethics, Participation in Transactions, Personal Trading**

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

ACAS does not recommend that clients buy or sell any security in which a related person to ACAS has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of ACAS may buy or sell securities for themselves that they also recommend to clients. ACAS will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of ACAS may buy or sell securities for themselves that they also recommend to clients. ACAS will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

#### ***The Custodian and Brokers We Use***

ACAS does not maintain custody of your assets that we manage or on which we advise (although we may be deemed to have limited custody of your assets if you give us authority to withdraw assets from your account (see Item 15 Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We generally recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, and member of SIPC, as the qualified custodian. ACAS is independently owned and operated and not affiliated with Charles Schwab and Co, or any other custodian or broker-dealer. ACAS may

occasionally, as needed, recommend an alternate custodian, such as Merrill Lynch Money Manager Services, or Fidelity. ACAS will make such recommendation if the alternative custodian offers products or services better suited to your individual needs.

Your custodian will hold your assets in a brokerage account and buy and sell securities when ACAS instructs them to. While we recommend that you chose one of these firms as custodian/broker, you will decide whether to do so and open your account with the custodian by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at the custodian, we can still use other brokers to execute trades for your account, as described in the next paragraph.

### ***How We Recommend Brokers/Custodians***

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Ability to execute, clear and settle trades (buy and sell securities for your account)
- Abilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- Reputation, financial strength and stability of the provider
- Custodian's prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see "Products and Services Available to Us from Schwab")

### ***Your Custody and Brokerage Costs***

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on our commitment to maintain a portion of our clients' assets statement equity in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be if we had not made the commitment. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

## ***Products and Services Available to Us from Schwab***

For ACAS client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders 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 ACAS other products and services that benefit ACAS but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of ACAS accounts, including accounts not maintained at Schwab.

Schwab Advisor Services is Schwab's business that provides services to independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab.

Here is a more detailed description of Schwab's support services:

### **Services that Benefit You.**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

### **Services that May Not Directly Benefit You.**

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of our fees from our clients' accounts; and
- Assist with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only Us.**

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events



- Technology, compliance, legal, and business consulting;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

### ***Our Interest in Schwab's Services***

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest.

We believe, however, that our selection of Schwab as a custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above – see "How We Select Brokers/Custodians to Recommend") and not Schwab's services that benefit only us. We have sufficient funds in client assets under management, and do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### ***1. & 2. Research and Other Soft-Dollar Benefits and Brokerage for Client Referrals***

ACAS may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although ACAS may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. ACAS is independently owned and operated and not affiliated with Schwab. Schwab provides ACAS with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. These services are contingent upon ACAS 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.

Schwab's products and services that assist ACAS 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 ACAS 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 ACAS 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 ACAS. 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 ACAS. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of ACAS personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, ACAS 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 it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

ACAS will not allow clients to direct ACAS to use a specific broker-dealer to execute transactions. Clients must use ACAS-recommended custodian (broker-dealer). Not all investment advisers require their clients to direct brokerage. By requiring clients to use our specific custodian, ACAS may be unable to achieve most favorable execution of client transaction and that this may cost clients money over using a lower-cost custodian.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

ACAS maintains the ability to block trade purchases across accounts but will rarely do so. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

# **Item 13: Reviews of Accounts**

## **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Investment Advisory Services: All accounts at ACAS are assigned to the chief advisor. Client accounts are reviewed quarterly at minimum by their chief advisor. The chief advisor is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. Additional reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly a written report detailing the clients account performance, which may come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 –Brokerage Practices). The availability to us of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### **B. Compensation to Non –Advisory Personnel for Client Referrals**

ACAS does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

ACAS does not take custody of client accounts at any time. Custody of client’s accounts is held primarily at Schwab. Clients will receive account statements from the custodian and should carefully review those statements.

## **Item 16: Investment Discretion**

For those client accounts where ACAS provides ongoing money management or investment advice with ongoing supervision, ACAS maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

## **Item 17: Voting Client Securities (Proxy Voting)**

ACAS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

ACAS does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither ACAS nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Neither ACAS nor its management or owners have been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

ACAS currently has two management persons/executive officers; Daniel Osgood and Christopher Tate. Their education and business background can be found on the Supplemental ADV Part 2B form.

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Daniel Osgood and Christopher Tate's other business activities can be found on the Supplemental ADV Part 2B form.

### **C. How Performance-based Fees are Calculated and Degree of Risk to Clients**

ACAS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

#### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at ACAS or ACAS has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

#### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither ACAS, nor its management persons, has any relationship or arrangement with issuers of securities.

### **ACAS, LLC PRIVACY POLICY STATEMENT**

12622 El Camino Real, Suite 100 San Diego, California 92130  
(858) 436-3862  
A Registered Investment Adviser

#### **PRIVACY POLICY**

Investment advisors, like all providers of personal financial services, are now required by law to inform their clients of their policies regarding privacy of client information. Investment advisors have been and continue to be bound by professional standards of confidentiality that are even more stringent than those required by law. Therefore, we have always protected your right to privacy.

#### **TYPES OF NONPUBLIC PERSONAL INFORMATION WE COLLECT**

We collect nonpublic personal information about you that is either provided to us by you or obtained by us with your authorization.

#### **PARTIES TO WHOM WE DISCLOSE INFORMATION**

For current and former clients, we do not disclose any nonpublic personal information obtained in the course of our practice except as required or permitted by law. Permitted disclosures include, for instance, providing information to our employees and, in limited situations, to unrelated third parties who need to know that information to assist us in providing services to you. In all such situations, we stress the confidential nature of information being shared.

#### **PROTECTING THE CONFIDENTIALITY AND SECURITY OF CURRENT AND FORMER CLIENT'S INFORMATION**

We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and in some cases, to comply with professional guidelines. In order to guard your nonpublic personal information, we maintain physical, electronic, and procedural safeguards that comply with our professional standards.

**ACAS LLC operates under several "doing business as (dba)" names, including Tate Asset Management, DCO Wealth Management, and ACAS. This Privacy Policy Statement applies to the practices of ACAS, LLC, Tate Asset Management, and DCO Wealth Management and all affiliated companies.**

**Please call if you have any questions, because your privacy, our professional ethics, and the ability to provide you with quality financial services are very important to us.**