

## **Orion Investment Advisors, LLC**

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**3/21/2013**

### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Orion Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (703) 720-5990 or via e-mail at [ltokar@orionria.com](mailto:ltokar@orionria.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 Orion Investment Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Orion Investment Advisors, LLC is 148966.

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

## Item 2 Summary of Material Changes

The following is a Summary of the Material Changes to the Part 2A disclosure brochure for Orion Investment Advisors, LLC which have occurred since the filing of our last annual updating amendment on March 19, 2012.

- (1) We disclosed that we primarily only provide advice on mutual funds, exchange traded funds, separately managed accounts and alternative investments.
- (2) We disclosed that we have the discretion to determine the commission rates to be paid.
- (3) We disclosed that Schwab, the custodian we use, has agreed to pay for certain products and services that our firm utilizes including mutual fund research, client relationship software and portfolio management accounting services.

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## Item 4 Advisory Business

### Description of Services and Fees

Orion Investment Advisors, LLC is a registered investment adviser primarily based in McLean, Virginia. We are organized as a limited liability company under the laws of the Commonwealth of Virginia and we have been providing investment advisory services since 2009. Olcott Consulting Group, Inc. is our principal owner. Robert Olcott, Ahmed Farruk and Will Fisher are the principal owners of Olcott Consulting Group, Inc. Currently, we offer Pension Consulting Services, Institutional Investment Consulting Services and Asset Management which are tailored to each client.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Orion Investment Advisors, LLC, and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person or Investment Adviser Representative throughout this brochure. As used in this brochure, our Associated Persons or Investment Adviser Representatives are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Pension Consulting Services

We provide a variety of Pension Consulting Services to qualified and non-qualified retirement plans (collectively, "Plans"). Our Pension Consulting Services are custom tailored to meet the needs and objectives of the Plans and the Plan sponsors, investment committees, and other fiduciaries responsible for managing the Plan (individually, a "Plan Fiduciary" and collectively, the "Plan Fiduciaries"). Pension Consulting Services may include one or more of the following:

- Plan Design Consulting
- Developing and implementing a written investment policy;
- Fee and service analysis of the Plan's current service providers;
- Evaluating the Plan's current investment options;
- Recommending an appropriate suite of investment options to the Plan Fiduciaries to make available to the Plan participants;
- Ongoing monitoring of the Plan's investment options;
- Participant Education
- Recommendations for replacing or substituting investment options in the Plan; and
- Conducting annual due diligence meetings to review and discuss fiduciary requirements for the Plan and the Plan Fiduciaries.
- Provider Searches

We may also design and recommend model asset allocation portfolios "(Model Portfolios)" to the Plan Fiduciaries for use by a Plan or for inclusion with other recommended investment options the Plan Fiduciaries make available to their Plan participants. Pension Consulting Services are offered individually or as part of a comprehensive suite of services which can be used with any Plan provider, record keeper, or Plan administrator.

We will provide Pension Consulting Services to Plans and their Plan Fiduciaries as described above. The appropriate Plan Fiduciary designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will

provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan.

We do not participate in any revenue sharing arrangements with third parties and do not receive any direct or indirect compensation from any third party mutual funds/exchange traded fund parties in connection with providing Pension Consulting Services to Plans and their Plan Fiduciaries.

We generally charge an annual fee of up to 1.5% of the Plan's assets for Pension Consulting Services, which fee shall be due and payable quarterly in advance based upon the value of the Plan's assets at the end of the previous quarter. In lieu of an asset-based fee, we may charge a fixed fee ranging from \$5,000 to \$250,000. Fifty percent of the fixed fee will be due in advance with the remainder due upon completion of the services rendered or fixed fees shall be charged quarterly in advance, depending on the client. Our fees are negotiable based on the complexity and scope of services to be performed. Other fee paying arrangements may be made on a case-by case basis. Under no circumstances will we require prepayment of a fee more than six months in advance and in excess of \$1,200.

We will send you an invoice for the payment of our advisory fee, or the Plan's custodian will directly debit our fee from your account. The custodian will deduct our advisory fee only when you have given written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

Either party to the pension consulting agreement may terminate the agreement upon 30-days' written notice to the other party. The pension consulting fees will be prorated for the quarter in which the termination notice is given, and based on the number of days in the quarter which you are a client, and any unearned fees will be refunded to you. Any changes to fees or fee paying arrangements must be approved by you in writing.

### **Institutional Investment Consulting Services**

We provide Investment Consulting Services to institutional clients including but not limited to Non Profits, Endowments, Charitable Organizations and Trusts where the Investment Consulting Services provided are designed to meet the needs and investment objectives of the client. Investment Consulting Services may include one or more of the following:

- Clarification of investment needs and objectives;
- Development of an investment policy statement;
- Formulating an asset-allocation strategy;
- Identifying and recommending investment managers and investment vehicles consistent with the client's investment needs and objectives and the investment policy statement; and
- Monitoring performance of portfolios, investment managers and investment vehicles.

If you select a complete investment consulting services package, we will utilize a disciplined, five-step process which includes an interview to assess your financial condition, available resources, spending priorities, performance expectations, risk sensitivity and time horizon. Based on the information compiled during the interview process, we will assist you in developing an investment policy statement based on your stated needs and objectives. The investment policy statement serves as the cornerstone of your investment program and includes milestones against which you can evaluate your investment portfolio performance. Based on the asset-allocation criteria adopted in the investment policy statement, we will assist you in identifying a blend of investments within asset classes that offers the appropriate reward potential for the level of investment risk you are willing to accept.

In pursuit of your investment objectives, we will recommend investment managers, funds and other investment vehicles based on qualitative and quantitative analysis. The final function in this investment process is to provide objective and ongoing analysis of the performance of your portfolio and the recommended investment managers and investment vehicles, including information regarding their organization and investment team, philosophy, process, style consistency and investment performance track record.

We generally charge an annual fee of up to 1.5% of the Plan's assets for Investment Consulting Services

Pension Consulting Services, which fee shall be due and payable quarterly in advance based upon the value of the Plan's assets at the end of the previous quarter. In lieu of an asset-based fee, we may charge a fixed fee ranging from \$5,000 to \$250,000. Fifty percent of the fixed fee will be due in advance with the remainder due upon completion of the services rendered or fixed fees shall be charged quarterly in advance, depending on the client. Our fees are negotiable based on the complexity and scope of services to be performed. Other fee paying arrangements may be made on a case-by case basis. Under no circumstances will we require prepayment of a fee more than six months in advance and in excess of \$1,200.

We will send you an invoice for the payment of our advisory fee, or the Plan's custodian will directly debit our fee from your account. The custodian will deduct our advisory fee only when you have given written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

Either party to the investment consulting agreement may terminate the agreement upon 30-days' written notice to the other party. The investment consulting fees will be prorated for the quarter in which the termination notice is given and based on the number of days in the quarter which you are a client, and any unearned fees will be refunded to you.

### **Asset Management Services**

We provide discretionary and non-discretionary Asset Management Services to institutional clients including but not limited to Non Profit Organizations, Endowments, Foundations, Charitable Organizations, Trusts and Pension Plans where the investment advice provided is custom tailored to meet the needs and investment objectives of the client.

At the inception of the relationship, we will conduct interviews with you to determine your investment objectives, risk tolerance and other relevant information and may review and/or develop an Investment Policy Statement. Based on the Investment Policy Statement and/or other relevant information, we will recommend an initial portfolio to you which may consist of model portfolios developed by our firm.

Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary asset management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities and the amount of securities to be purchased or sold for your account as well as the commission rates to be paid without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm or trading authorization forms. You may limit our discretionary authority (for example, limiting the types

of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. For non-discretionary accounts, we will obtain your approval prior to executing any transactions.

We may also recommend unaffiliated Third Party Advisers ("TPAs") to manage a portion of your account. You will receive full disclosure of the TPA's services, fees and other relevant information at the inception of the relationship by way of the Manager's disclosure document. Fees charged by TPAs are separate and apart from the advisory fees charged by the Firm.

Our annual fee for asset management services ranges up to 1.5% of your assets under management, including assets placed with third-party advisors. Our annual asset management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. If the asset management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our asset management fee is negotiable, depending on individual client circumstances.

We will send you an invoice for the payment of our advisory fee, or the custodian of your account will directly debit our fee from your account. The custodian will deduct our advisory fee only when you have given written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

Either party to the asset management agreement may terminate the agreement 30-days' written notice to the other party. The asset management fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to you. Any changes to fees or fee paying arrangements must be approved by you in writing.

We encourage you to reconcile our invoices or fee notices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

### **Orion Investment Advisors Wrap Fee Program**

We also offer Asset Management Services described above in a Wrap Program where clients pay a single all inclusive fee for Asset Management Services and custodial/brokerage services. We manage wrap fee program accounts in the same manner as non-wrap accounts. You should refer to the Orion Investment Advisors Wrap Fee Program Brochure, Appendix 1 for further details on our Wrap Fee Program.

### **Types of Investments**

We primarily only offer advice on mutual funds, exchange traded funds, separately managed accounts and alternative investments. Where suitable, we generally recommend no load or load-waived mutual funds. You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2012, we manage \$54,934,850 in client assets on a discretionary basis, and \$302,038,419 in client assets on a non-discretionary basis. As of December 31, 2012, we provide reporting and monitoring for ERISA plans with an aggregate value of \$308,418,320.



## Item 5 Fees and Compensation

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

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.

Most of our clients participate in our wrap fee program where clients do not pay transaction fees. Clients who do not participate in our wrap fee program will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

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

Persons providing investment advice on behalf of our firm are also Registered Representatives and Investment Adviser Representatives of Wells Fargo Advisors Financial Network, LLC (also referred to as "Wells Fargo"), an investment adviser registered with the United States Securities and Exchange Commission and a full service securities broker-dealer, member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). These individuals may earn commissions on securities transactions in their capacity as registered representatives as well as advisory fees for investment advisory services offered through Wells Fargo. However, Clients of our firm are not also clients of Wells Fargo and are hereby advised that services provided by and fees charged by Wells Fargo are separate and apart from the services offered and fees charged by the Firm.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

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



## Item 7 Types of Clients

We offer investment advisory services to institutional clients including, but not limited to, non-profit organizations, endowments, foundations, charitable organizations, trusts, estates, pension and profit sharing plans, corporations, and other business entities.

In general, we require a minimum of \$5,000,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for related accounts to meet the stated minimum.

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

### Our Methods of Analysis and Investment Strategies

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

- Quantitative and Qualitative Assessment - involves the evaluation of investment options based on quantitative (measurable) factors such as performance and qualitative factors, which cannot be precisely measured, such as experience and caliber of management style and investment philosophy. The risk of quantitative and qualitative analysis is that while used together to form sound business and financial judgment, they cannot account for all the intrinsic variables or ensure favorable performance.
- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

We may also use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s) when we determine that it is suitable given your stated investment objectives and tolerance for risk. In some cases, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. When appropriate for your specific investment objectives and needs, we will utilize proprietary research to provide investment advice to clients and/or asset allocation and modeling software.

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

As a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are

responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

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

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

As disclosed under the "Advisory Business" section in this Brochure, we primarily only recommend mutual funds (including no-load or load-waived funds), exchange traded funds ("ETFs"), separately managed accounts and alternative investments. Since each client has different needs and different tolerance for risk, we may recommend other types of investments as appropriate for you. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

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

**Separately Managed Account :** A Separately Managed Account (SMA) is an investment account managed by an independent third party money manager (referred to as "TPA" in Item 4 above). The SMA is managed directly by the manager according to the particular strategy of the SMA Manager who may invest in equities, fixed income securities or other investments. Clients should refer to the SMA manager's Form ADV Part 2 or other disclosure documents for details regarding a particular manager. The fees charged by SMA Managers are separate and apart from the fees charged by our firm.

**Alternative Investments:** An investment that is not one of the three traditional asset types (stocks, bonds and cash). Most alternative investments may only be purchased by institutional investors or accredited, high-net-worth individuals because of their complex nature, limited regulation and relative lack of liquidity. Alternative Investments may include, but are not limited to, hedge funds, private equity funds, managed futures, real estate, commodities and derivatives. Alternative Investments usually carry a high degree of risk and are generally offered via private placement memorandum and other offering documents. Clients should refer to the offering documents of the particular Alternative

Investment for a description of the terms of the investment, risks, investment objectives and other relevant information. The fees associated with investing in Alternative Investments are separate and apart from the fees charged by our firm.

## **Item 9 Disciplinary Information**

Orion Investment Advisors has been registered and providing investment advisory services since 2009. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

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

### **Registrations with Broker-Dealer**

Persons providing investment advice on behalf of our firm are also registered representatives and investment adviser representatives with Wells Fargo Advisors Financial Network, LLC, a federally registered investment adviser and securities broker-dealer, member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Advisory fees or commissions earned by these persons are separate from our firm's advisory fees.

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

### **Description of Our Code of Ethics**

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

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities. Under certain circumstances, exceptions to the trading policy may be made.

In the case of mutual funds, we believe that effecting transactions in funds recommended to you cannot conflict with your interest in the same funds because open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, our personal transactions in mutual funds are not likely to have an impact on the prices of the fund shares in which you invest.

## **Item 12 Brokerage Practices**

We do not maintain custody of your assets that we manage/on which we advise, although we may be deemed to have 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 recommend that clients in need of brokerage and custodial services utilize Charles Schwab & Co., Inc. (Schwab), registered broker-dealer, member SIPC, among others, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "*Your Brokerage and Custody Costs*").

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

For our clients' accounts that Schwab 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 the condition that our clients collectively maintain a total of at least \$10,000,000 of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. 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. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Brokers/Custodians*").

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

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving 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 generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following 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 a 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
- 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
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- 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.

Schwab has agreed to pay for certain products and services that our firm utilizes including mutual fund research, client relationship software and portfolio management accounting services.

### **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 our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. 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 custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us.



As of December 31, 2012, we had approximately \$54,934,850 in client assets under management on a discretionary basis (see "Assets Under Management" section above), and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

We believe that Schwab provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab, including the value of research provided and other products and services that benefit us (see Products and services that benefit us, as discussed below), the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Schwab provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Brokerage for Client Referrals**

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

### **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

Associated persons of the firm who provide investment advice are subject to FINRA Conduct Rule 3040 which may restrict such individuals from conducting securities transactions away from Wells Fargo unless Wells Fargo provides written authorization. Therefore, clients are advised that Investment Adviser Representatives may be limited to conducting securities transactions through approved custodians.

### **Block Trades**

We do not aggregate transactions for multiple client accounts. Accordingly, clients may receive different prices for the same securities transactions. Furthermore, clients may not be able to buy or sell the same quantity of securities and may be charged higher fees or commissions, than if transactions were aggregated.

## **Item 13 Review of Accounts**

Robert Olcott, Managing Director, Will Fisher, Director, Ahmed Farruk, Director, Kenneth Lowe, Director of Institutional Retirement Plans and/or Scott Aune, Investment Adviser Representative, will monitor your asset management accounts on an ongoing basis and will conduct account reviews at least quarterly and upon your request to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,

- changes in your risk/return objectives.

We will provide you with regular written performance reports in conjunction with account reviews. Quarterly reports show performance as compared to relevant benchmarks, measured against a peer group, or measured against targeted model portfolio performance, as it applies to your accounts. In addition, you will receive trade confirmations, monthly or quarterly statements, and year-end tax statements from your account custodian(s). You may also be given access to monitor results and holdings through Schwab's institutional website.

Review and reports for Pension Consulting Services and Investment Consulting Services will vary on a case by case basis and will be detailed in the client agreement.

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

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

Please refer to the "Brokerage Practices" section above for disclosures on research and other benefits we may receive resulting from our relationship with Schwab.

As disclosed under the "Fees and Compensation" section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives/investment adviser representatives with Wells Fargo Advisors Financial Network, LLC, a federally registered investment adviser and securities broker-dealer, member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

## **Item 15 Custody**

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

You should compare our reports with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

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

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) as well as the commission rates to be paid without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose



certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

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

## **Item 17 Voting Client Securities**

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

## **Item 19 Requirements for State Registered Investment Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

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

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

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to

ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

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

For accounts maintained at Schwab Institutional, if a profit results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, you are not permitted to keep the gain, or you do not want the profit (e.g., due to tax reasons). If the profit does not remain in your account, Schwab will donate the amount of any profit \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Schwab will keep the loss or profit (if you do not keep the profit) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in profit and losses in your account, they may be netted.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

# **Orion Investment Advisors, LLC WRAP FEE PROGRAM BROCHURE**

**FORM ADV PART 2A  
APPENDIX 1**

**Orion Investment Advisors, LLC  
2010 Corporate Ridge, #560  
McLean, Virginia 22102**

**Telephone: (703) 720-5990  
Facsimile: (703) 720-5998**

**Website: [www.orionria.com](http://www.orionria.com)**

**3/21/2013**

This wrap fee program brochure provides information about the qualifications and business practices of Orion Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (703) 720-5990 or via e-mail at [ltokar@orionria.com](mailto:ltokar@orionria.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 Orion Investment Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Orion Investment Advisors, LLC is 148966.

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

## Item 2 Summary of Material Changes

The following is a Summary of the Material Changes to the Part 2A disclosure brochure for Orion Investment Advisors, LLC which have occurred since the filing of our last annual updating amendment on March 19, 2012.

- (1) We disclosed that we primarily only provide advice on mutual funds, exchange traded funds, separately managed accounts and alternative investments.
- (2) We disclosed that Schwab, the custodian we use, has agreed to pay for certain products and services that our firm utilizes including mutual fund research, client relationship software and portfolio management accounting services.

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## Item 4 Services, Fees and Compensation

Orion Investment Advisors, LLC is a registered investment adviser primarily based in McLean, Virginia. We are organized as a limited liability company under the laws of the Commonwealth of Virginia and we have been providing investment advisory services since 2009. Olcott Consulting Group, Inc. is our principal owner. Robert Olcott, Ahmed Farruk and Will Fisher are the principal owners of Olcott Consulting Group, Inc.

As used in this brochure, the words "we", "our" and "us" refer to Orion Investment Advisors, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person or Investment Adviser Representative throughout this brochure. As used in this brochure, our Associated Persons or Investment Adviser Representatives are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We offer discretionary asset management services through a wrap-fee program ("Program") as described in this wrap fee program brochure to institutional clients including, but not limited to, non-profit organizations, endowments, foundations, charitable organizations, trusts and pension plans. We are both the sponsor and portfolio manager for the Program. A wrap-fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. If you participate in our wrap fee program, you will pay our firm a single fee and you will not pay separate transaction charges imposed by the custodian of your account as we will absorb those charges.

Our investment advice in the Program is tailored to meet our clients' needs and investment objectives. At the inception of the relationship, we will conduct interviews with you to determine your investment objectives, risk tolerance and other relevant information and may review and/or develop an Investment Policy Statement. Based on the Investment Policy Statement and/or other relevant information, we will recommend an initial portfolio to you which may consist of model portfolios developed by our firm.

Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in the Program, we may require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. For non-discretionary accounts, we will obtain your approval prior to executing any transactions.

We may also recommend unaffiliated Third Party Advisers ("TPAs") to manage a portion of your account. You will receive full disclosure of the TPA's services, fees and other relevant information at the inception of the relationship by way of the Manager's disclosure document. Fees charged by TPAs are separate and apart from the advisory fees charged by the Firm.

### **The Program Fee**

We charge an annual "wrap-fee" for participation in the Program. Our negotiable fee ranges up to 1.5% of your assets under management, including assets placed with TPAs. Under no circumstances will we require prepayment of a fee more than six months in advance and in excess of \$1,200.

Our annual wrap fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. If the client agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

We will send you an invoice for the payment of our advisory fee, or the custodian of your account will directly debit our fee from your account. The custodian will deduct our advisory fee only when you have given written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

### **Termination of Advisory Relationship**

Either party may terminate the client agreement upon 30-days' written notice to the other party. The wrap fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to you.

Upon termination of accounts held at Schwab they will deliver securities and funds held in the account per your instructions unless you request that the account be liquidated. After the wrap fee program agreement has been terminated, transactions are processed at the prevailing brokerage rates/fees.

### **Wrap Fee Program Disclosures**

- You should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from other advisers or broker-dealers.
- Our firm and associated persons receive compensation as a result of your participation in the wrap-fee program. This compensation may be more than the amount our firm or our associated persons would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our associated persons may have a financial incentive to recommend the Program.
- The Program may create a potential conflict of interest between you and our firm. You should be aware that we may have a disincentive to purchase or sell securities in your account because we pay the transaction costs associated with trades directed to the custodian.

### **Additional Fees and Expenses**

The Program fee includes the costs of brokerage commissions for transactions executed through the independent, qualified custodian and charges relating to the settlement, clearance, or custody of securities in the account. The Program fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through the



qualified custodian, costs associated with exchanging currencies, wire transfer fees, or other fees required by law or imposed by third parties. Your account will be charged for these additional fees and expenses.

As part of our investment advisory services to you, we may invest, or recommend that you invest in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

Persons providing investment advice on behalf of our firm are also Registered Representatives and Investment Adviser Representatives of Wells Fargo Advisors Financial Network, LLC (also referred to as "Wells Fargo"), an investment adviser registered with the United States Securities and Exchange Commission and a full service securities broker-dealer, member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). These individuals may earn commissions on securities transactions in their capacity as registered representatives as well as advisory fees for investment advisory services offered through Wells Fargo. However, Clients of our firm are not also clients of Wells Fargo and are hereby advised that services provided by and fees charged by Wells Fargo are separate and apart from the services offered and fees charged by the Firm.

#### **Item 5 Account Requirements and Types of Clients**

We offer investment advisory services to institutional clients including, but not limited to, non-profit organizations, endowments, foundations, charitable organizations, trusts, estates, pension and profit sharing plans, corporations, and other business entities.

In general, we require a minimum of \$5,000,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for related accounts to meet the stated minimum.

#### **Item 6 Portfolio Manager Selection and Evaluation**

##### **Performance-Based Fees and Side-by-Side Management**

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the "Services, Fees and Compensation" section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

##### **Our Methods of Analysis and Investment Strategies**

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

- Quantitative and Qualitative Assessment - involves the evaluation of investment options based on quantitative (measurable) factors such as performance and qualitative factors, which cannot

be precisely measured, such as experience and caliber of management style and investment philosophy. The risk of quantitative and qualitative analysis is that while used together to form sound business and financial judgment, they cannot account for all the intrinsic variables or ensure favorable performance.

- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

We may also use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s) when we determine that it is suitable given your stated investment objectives and tolerance for risk. In some cases, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. When appropriate for your specific investment objectives and needs, we will utilize proprietary research to provide investment advice to clients and/or asset allocation and modeling software.

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

As a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

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

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

We primarily only recommend mutual funds (including no-load or load-waived funds), exchange traded funds ("ETFs"), separately managed accounts and alternative investments. Since each client has different needs and different tolerance for risk, we may recommend other types of investments as appropriate for you. Each type of security has its own unique set of risks associated with it and it would

not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

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

**Separately Managed Account :** A Separately Managed Account (SMA) is an investment account managed by an independent third party money manager (referred to as "TPA" in Item 4 above). The SMA is managed directly by the manager according to the particular strategy of the SMA Manager who may invest in equities, fixed income securities or other investments. Clients should refer to the SMA manager's Form ADV Part 2 or other disclosure documents for details regarding a particular manager. The fees charged by SMA Managers are separate and apart from the fees charged by our firm.

**Alternative Investments:** An investment that is not one of the three traditional asset types (stocks, bonds and cash). Most alternative investments may only be purchased by institutional investors or accredited, high-net-worth individuals because of their complex nature, limited regulation and relative lack of liquidity. Alternative Investments may include, but are not limited to, hedge funds, private equity funds, managed futures, real estate, commodities and derivatives. Alternative Investments usually carry a high degree of risk and are generally offered via private placement memorandum and other offering documents. Clients should refer to the offering documents of the particular Alternative Investment for a description of the terms of the investment, risks, investment objectives and other relevant information. The fees associated with investing in Alternative Investments are separate and apart from the fees charged by our firm.

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

## **Item 7 Client Information Provided to Portfolio Managers**

This section does not apply to our firm because we are the sponsor and portfolio manager to the Program.

## **Item 8 Client Contact with Portfolio Managers**

This section does not apply to our firm because we are the sponsor and the portfolio manager to the Program.

## **Item 9 Additional Information**

### **Disciplinary Information**

Neither our firm nor our principal owners or management persons have any reportable disciplinary information.

### **Other Financial Industry Activities and Affiliations**

Persons providing investment advice on behalf of our firm are also registered representatives and investment adviser representatives with Wells Fargo Advisors Financial Network, LLC, a federally registered investment adviser and securities broker-dealer, member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Advisory fees or commissions earned by these persons are separate from our firm's advisory fees.

### **Description of Our Code of Ethics**

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

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting us at the telephone number or email address listed on the cover page of this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities. Under certain circumstances, exceptions to the trading policy may be made.

In the case of mutual funds, we believe that effecting transactions in funds recommended to you cannot conflict with your interest in the same funds because open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, our personal transactions in mutual funds are not likely to have an impact on the prices of the fund shares in which you invest.

## **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

## **Reviews of Accounts**

Robert Olcott, Managing Director, Will Fisher, Director, Ahmed Farruk, Director, Kenneth Lowe, Director of Institutional Retirement Plans and/or Scott Aune, Investment Adviser Representative, will monitor your asset management accounts on an ongoing basis and will conduct account reviews at least quarterly and upon your request to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will provide you with regular written performance reports in conjunction with account reviews. Quarterly reports show performance as compared to relevant benchmarks, measured against a peer group, or measured against targeted model portfolio performance, as it applies to your accounts. In addition, you will receive trade confirmations, monthly or quarterly statements, and year-end tax statements from your account custodian(s). You may also be given access to monitor results and holdings through Schwab's institutional website.

## **Client Referrals and Other Compensation**

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

Please refer to the "Research and Other Benefits" section below for disclosures on research and other benefits we may receive resulting from our relationship with Schwab.

## **Brokerage Practices**

We do not maintain custody of your assets that we manage/on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that clients in need of brokerage and custodial services utilize Charles Schwab & Co., Inc. (Schwab), registered broker-dealer, member SIPC, among others, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "*Your Brokerage and Custody Costs*").

## **Your Brokerage and Custody Costs**

For our clients' accounts that Schwab 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 the condition that our clients collectively maintain a total of at least \$10,000,000 of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. 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. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Brokers/Custodians*").

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

Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving 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 generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following 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 a 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
- 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
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession

- 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.

Schwab has agreed to pay for certain products and services that our firm utilizes including mutual fund research, client relationship software and portfolio management accounting services.

### **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 our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. 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 custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us.

As of December 31, 2012, we had approximately \$54,934,850 in client assets under management on a discretionary basis, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

We believe that Schwab provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab, including the value of research provided and other products and services that benefit us (see Products and services that benefit us, as discussed below), the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Schwab provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Brokerage for Client Referrals**

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

### **Block Trades**

We do not aggregate transactions for multiple client accounts. Accordingly, clients may receive different prices for the same securities transactions. Furthermore, clients may not be able to buy or sell the same quantity of securities than if transactions were aggregated.

### **Trade Errors**

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



For accounts maintained at Schwab Institutional, if a profit results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, you are not permitted to keep the gain, or you do not want the profit (e.g., due to tax reasons). If the profit does not remain in your account, Schwab will donate the amount of any profit \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Schwab will keep the loss or profit (if you do not keep the profit) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in profit and losses in your account, they may be netted.

**Financial Information**

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.