

# **Dynasty Wealth Management, LLC**

SEC File Number: 801 – 71301

## **ADV-Part 2A Brochure**

**March 31, 2013**

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**This brochure provides information about the qualifications and business practices of Dynasty Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 373-1000 or [amandakerley@dynastyfinancialpartners.com](mailto:amandakerley@dynastyfinancialpartners.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 Dynasty Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Dynasty Wealth Management, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

This Brochure has been updated since its last annual amendment filed with the SEC in March 2012 with respect to the following items:

Dynasty Financial Partners LLC, the registrant's predecessor and parent (the "Parent"), formed Dynasty Wealth Management LLC ("Dynasty Wealth or the "Firm") in December 2012 for purposes of serving as the registered investment adviser to its existing businesses. There has been no change of control of the adviser as Dynasty Wealth is a wholly-owned subsidiary of Dynasty Financial Partners LLC. Such change is reflected throughout this Brochure.

Item 4: Advisory Business: Description of the Firm's Advisory Business has expanded to include new businesses in Item 4. The Firm's AUM in item 4D has changed to reflect the assets under management as of March 31, 2013.

Item 5: Fees: Dynasty Wealth receives payment for sponsoring wrap and UMA programs. The current fee level for such services ranges between 15 and 45 basis points for use of Dynasty's models depending on the program and model, which includes a program, sponsor and manager fee.

Item 10: The Firm's Activities, Industry Activities and Affiliations have expanded to include a new affiliation in Item 10. Dynasty Wealth's affiliate, PPS Securities LLC, has recently been approved to become a limited use broker-dealer with the SEC and FINRA. Additionally, Dynasty Fund Services, LLC, an affiliate of Dynasty and a wholly owned subsidiary of the Parent, is registered as a commodity pool operator and a commodity trading advisor with the Commodity Futures Trading Commission and is a member of the National Futures Association.

**A copy of Dynasty Wealth's complete Form ADV Brochure and Brochure Supplement is available without charge by contacting Dynasty at (212) 373-1000. Additional information about Dynasty is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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## **Item 4 Advisory Business**

### **General Description**

Dynasty Wealth is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). The Parent, Dynasty Financial Partners, LLC, is a financial services company that previously served as the investment advisor and registrant. As a limited liability company formed on March 2, 2010 in the State of Delaware, the Parent became registered as an investment adviser with the SEC on April 7, 2010. The Parent officially transferred its registration to Dynasty Wealth in March 2013.

The Parent’s core business is to offer investment and operational support services to the investment advisor community and traditional investment advisory services to a select number of high net worth clients. As a privately owned company, the Parent, either directly or through its subsidiaries, operates 2 distinct advisory businesses: 1) Private Wealth Management, and 2) Investment Services. It also has an affiliate advisor, Dynasty Fund Services, LLC, which serves as an advisor to a private fund (also referred to herein as Alternative Direct Solutions). Each business is described below.

As of March 31, 2013, Dynasty Wealth had \$53,616,303 in assets under management on a discretionary basis and \$1,716,051,197 on a non-discretionary basis.

### **A. Private Wealth Management**

Private Wealth Management furnishes investment advice to a limited number of high net worth and ultra high net worth clients. The client can determine to engage Dynasty to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. These services are offered to the clients on either a wrap fee basis or a non-wrap basis. It is up to the client as to which basis to use. (*See* discussion below). If services are being provided on a wrap fee basis, the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody, etc). The services included in a wrap fee agreement will depend upon each client’s particular need. Some of Dynasty’s clients are provided investment advisory services on a non-wrap fee basis and, in those cases, the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody, etc).

- **NON-WRAP FEE BASIS**

The client can determine to engage Dynasty Wealth to provide discretionary and/or non-discretionary investment advisory services on a non-wrap fee basis. Dynasty generally charges a fixed annual investment management fee for these services that may range between a negotiable amount and 1.5% of the assets under management. This annual investment advisory fee is based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under Dynasty’s management, the type of management services to be rendered, the complexity of the engagement, and the level

and scope of the overall investment advisory services to be rendered. (See also Fee Differentials below).

- DYNASTY'S WRAP PROGRAM

Clients who are provided investment advisory services on a wrap fee basis shall receive services in accordance with Dynasty Wealth's investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, Dynasty is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from a negotiable amount up to 2%, depending upon the amount and type of the Program assets. The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Wrap Fee Program Brochure is incorporated into this Brochure by reference. All prospective Program participants should read both Dynasty Wealth's Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program. Dynasty generally recommends that Fidelity Investments ("*Fidelity*") or Charles Schwab & Co. ("*Schwab*") shall serve as the custodian for Program accounts.

As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by Dynasty for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs

- FINANCIAL PLANNING AND CONSULTING SERVICES

To the extent specifically requested by a client, Dynasty Wealth *may* provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Dynasty Wealth's planning and consulting fees are negotiable, but generally range from \$250 to \$25,000 on a fixed fee basis, and from \$100 to \$1000 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging Dynasty to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Dynasty setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Dynasty commencing services. If requested by the client, Dynasty may recommend the services of other professionals for implementation purposes, including Dynasty's representatives in their individual capacities as registered representatives of a broker-dealer and/or licensed insurance agents. The client is under no

obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Dynasty. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Additionally, it remains the client's responsibility to promptly notify Dynasty if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, and/or revising Dynasty's previous recommendations and/or services.

- **ADDITIONAL**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, Dynasty *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Dynasty, nor any of its representatives, serves as an attorney or accountant, and no portion of Dynasty's services should be construed as such. To the extent requested by a client, Dynasty may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including representatives of Dynasty in their separate licensed/registered capacities, as discussed below. The client is under no obligation to engage the services of any such recommended professional and the client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Dynasty. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Additionally, it remains the client's responsibility to promptly notify Dynasty if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, and/or revising Dynasty's previous recommendations and/or services.

**Inverse/Enhanced Market Strategies.** Where appropriate, Dynasty may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Dynasty, in writing, not to employ any or all such strategies for their accounts.

Clients that determine to engage Dynasty on a non-discretionary investment advisory basis must be willing to accept that Dynasty cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, Dynasty will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

In performing its services, Dynasty shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains the client's responsibility to promptly notify Dynasty if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, and/or revising Dynasty's previous recommendations and/or services.

## **B. Investment Services**

The Parent offers operational and back office support to investment advisers seeking to go independent through third-party service providers and additional services it provides directly to the investment adviser. These services are funded through fees charged by the investment adviser to its clients. As part of these services to the investment adviser community, Dynasty Wealth provides the investment advisers with access to a range of investment advisory services for use by advisers with their clients, including Separately Managed Accounts ("SMA"), Mutual Fund and Exchange Traded Fund ("ETF") Asset Allocation Strategies and Unified Managed Accounts ("UMA") (together "the Programs," and individually, a "Program"). The Programs are generally made available by Dynasty to independent advisors, who may recommend the Programs or Program to their clients. A client's advisor determines which services and Programs of Dynasty to use with its clients and may use the services of other third-party service providers in conjunction with the Programs. Clients should therefor consult their individual advisors' Form ADV Part 2 for a fuller description of that advisor's specific uses of Dynasty's programs and investment style.

With respect to the Programs referenced above, the asset managers or funds available in the Programs described above are accessed through the use of investment models (third-party models whereby Dynasty, acting as a Model Provider constructs an asset allocation and selects the underlying investments for each portfolio). Dynasty uses a third-party provider to perform overlay management of the models by implementing trade orders and periodically updating and rebalancing each model pursuant to Dynasty's direction.

## **C. Private Funds**

Dynasty's affiliate, Dynasty Funds Services, LLC serves as an investment adviser to a "Private Fund" which is an unregistered investment company organized as a limited liability company and sponsored by Dynasty.

In providing advisory services to the Private Fund, Dynasty directs and manages the investment and reinvestment of the Private Fund's assets and provides reports to investors (through the Private Funds' administrator). Dynasty manages the assets of the Private Fund in accordance with the terms of its governing documents.

**Alternative Direct Solutions.** Dynasty Fund Services, LLC serves as the investment advisor to an affiliated Private Fund managed by Alternative Direct Solutions LLC. The Fund operates under what is known as the Section 3(c)(7) exemption which requires that all

of the eligible investors be “qualified purchasers” as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. As a feeder fund vehicle, it allows sophisticated investors to construct customized alternative asset portfolios by allocating capital among one or more Platform Funds, each of which invests all or substantially all of its assets in private investment vehicles or managed accounts (collectively, “Underlying Funds”) managed by alternative asset managers (“Underlying Managers”) made available by the manager and Dynasty Fund Services, LLC in its capacity as the investment advisor. The terms and conditions for participation in Alternative Direct Solutions Fund LLC, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund’s offering and constituent documents. Dynasty Wealth’s clients are under no obligation to consider or make an investment in the Private Fund.

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client that elects to invest in the Private Fund will be required to complete a Subscription Agreement, pursuant to which the client shall establish that the client is qualified to invest in the Private Fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Because the Parent indirectly earns compensation from the Affiliate Private Fund, Dynasty Wealth’s advisory fee may, indirectly, exceed the fee that it would earn under its standard “assets under management” fee schedule referenced in Item 5.A below. The recommendation that a client become an investor in an Affiliated Private Fund could present a conflict of interest. No client is under any obligation to become an investor in *any Dynasty-sponsored fund*. Dynasty’s Chief Compliance Officer, Amanda Kerley, remains available to address any questions regarding this potential conflict of interest.

**Valuation.** In the event that Dynasty Wealth references private investment funds owned by the client on any supplemental account reports prepared by Dynasty, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

**Fee Differentials.** As indicated above, Dynasty may price its services based upon various objective and subjective factors. As a result, Dynasty’s clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by Dynasty to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.



**Independent Managers.** Dynasty may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated investment managers in accordance with the client's designated investment objective(s) (collectively, "Independent Managers"). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. Dynasty shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Dynasty shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), and an Independent Manager's management style, performance, reputation, financial strength, reporting, pricing, and research.

**Administrative Support Services.** A component of the Parent's business is providing back-office and administrative support services to unaffiliated registered investment advisers. These services are provided pursuant to a Service Agreement. With respect to these Administrative Support Services, neither the Parent nor Dynasty Wealth is involved in the client investment management and/or suitability processes relative to such unaffiliated advisers. Such responsibilities remain exclusively with the unaffiliated investment advisers.

**Sub-Advisory Services.** Dynasty Wealth may provide investment sub-advisory services to unaffiliated investment advisers.

**Disclosure Statement.** A copy of Dynasty Wealth's written Brochure as set forth on Part 2A of Form ADV shall be provided to each prospective client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Financial Planning and Consulting Agreement*.

B. Dynasty Wealth shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Dynasty shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Dynasty's services.

C. Dynasty Wealth primarily offers its investment advisory services on a non-wrap fee basis. However, upon the specific request of a client, Dynasty may offer its services on a wrap fee basis. There is no significant difference between how Dynasty manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if Dynasty determines to make its investment advisory services available to a client on a wrap fee basis, the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody, etc.) (*See* Item 4.B). The services included in a wrap fee agreement will depend upon each client's particular need. The majority of Dynasty's clients shall be provided investment advisory services on a non-wrap fee basis and the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody, etc.). **Please Note:** When managing a client's account on a wrap fee basis, Dynasty shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

D. As of March 31, 2013 Dynasty had \$53,616,303 in assets under management on a discretionary basis and \$1,716,051,197 on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **A. Private Wealth Management**

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services. Private Wealth Management offers its clients the option of selecting discretionary and/or non-discretionary investment advisory services on a wrap or on a non-wrap fee basis. Dynasty's fees generally range between a negotiable amount and 1.5% for a non-wrap program and up to 2% for a wrap program. This annual investment advisory fee, which is billed quarterly, is based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under Dynasty's management, the type of management services to be rendered, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. (**See Fee Differentials** above). Clients who are provided investment advisory services on a wrap fee basis shall receive services in accordance with Dynasty's investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, Dynasty is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 2%, depending upon the amount and type of the Program assets.

To the extent specifically requested by a client, Dynasty *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Dynasty's planning and consulting fees are negotiable, but generally range from \$250 to \$25,000 on a fixed fee basis, and from \$100 to \$1000 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- Clients may elect to have Dynasty's advisory fees deducted from their custodial account. Both Dynasty's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of Dynasty's investment advisory fee and to directly remit that management fee to Dynasty in compliance with regulatory procedures. In the limited event that Dynasty bills the client directly, payment is due upon receipt of Dynasty's invoice. Dynasty shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

- As discussed below, unless the client directs otherwise or an individual client's circumstances require a different broker-dealer, Dynasty shall generally recommend that *Schwab, Fidelity, Pershing, LLC ("Pershing"), J.P. Morgan, Deutsche Bank, and/or TD Ameritrade ("TD")* (or any other broker-dealer/custodian to clients) serve as the broker-dealer/custodian for client investment management assets. Broker-dealers/custodians such as *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and *TD* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Account transaction fees are generally assessed on a fixed percentage of assets held by the custodian. The asset-based fee arrangement is evaluated by Dynasty on an ongoing basis to determine if the arrangement remains beneficial to the client. In addition to Dynasty's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Dynasty and/or the client have entered into arrangements for prime brokerage clearing services (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the broker-dealer with custody. Participants in the Dynasty Private Wealth Management Wrap Program **will not** incur brokerage commissions and/or transaction fees in addition to the Program fees.

- Dynasty's annual investment advisory fee is prorated and paid quarterly, in advance, based upon the average daily balance of the assets under management of the previous quarter. Dynasty generally requires a minimum asset level of \$5,000,000 for investment advisory services. Dynasty, in its sole discretion, may reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between Dynasty and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Dynasty shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

## **B. Investment Services**

Dynasty is compensated for providing investment models to other investment advisors through a basis point fee paid by the advisor's clients. Dynasty's current fees range from 15 to 45 basis points for each account that chooses Dynasty's investment model depending on the program and the model chosen. This would include the program, sponsor and manager fees and will vary on a per client basis. Billing is handled by the program manager and remitted to Dynasty. For additional information regarding fees for these WRAP and UMA programs please consult the applicable wrap and UMA program brochure prepared by the wrap program manager.

## C. Other Matters

- **Securities Commission Transactions.** In the event that the client desires, the client can engage Dynasty's representatives, in their individual capacities, as registered representatives of *Purshe Kaplan Sterling* ("PKS"), an SEC-registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis and only in those cases where Dynasty is not exercising discretionary authority. In the event the client chooses to purchase investment products through *PKS*, *PKS* will charge brokerage commissions to effect securities transactions, a portion of which commissions *PKS* shall pay to Dynasty's representatives, as applicable. The brokerage commissions charged by *PKS* may be higher or lower than those charged by other broker-dealers. In addition, *PKS*, as well as Dynasty's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *PKS* may present a potential *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Dynasty's representatives. **Dynasty's Chief Compliance Officer, Amanda Kerley, remains available to address any questions that a client or prospective client may have regarding the potential conflict of interest described above.**

2. **Please Note:** Clients may purchase investment products recommended by Dynasty through other, non-affiliated broker dealers or agents.

3. Dynasty does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products Dynasty recommends to its clients.

4. When Dynasty's representatives sell an investment product on a commission basis, Dynasty does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Dynasty's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed on a fully disclosed basis). **However**, a client may engage Dynasty to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Dynasty's representatives on a separate commission basis.

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

Not applicable.

## **Item 7      Types of Clients**

- A. **Private Wealth Management** - Clients shall generally include individuals, trusts, family offices and business entities related to those clients. Dynasty generally requires a minimum investment asset level of \$5,000,000 for investment advisory services. Dynasty, in its sole discretion, may reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).
- B. **Investment Services** - The financial intermediaries utilizing this service generally include independent advisers, and break away brokers.

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

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

Dynasty's methods of analysis and investment strategies have their own inherent risks. To perform an accurate market analysis, Dynasty must have access to current/new market information. Dynasty has no control over the dissemination rate of market information; therefore, unbeknownst to Dynasty, certain analyses may be compiled with outdated market information, severely limiting the value of Dynasty's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

#### **A. Private Wealth Management**

Dynasty may utilize the following methods of security analysis:

- a. Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- b. Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- c. Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Dynasty may utilize the following investment strategies when implementing investment advice given to clients:

- d. Long Term Purchases (securities held at least a year)
- e. Short Term Purchases (securities sold within a year)
- f. Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- g. Margin Transactions (use of borrowed assets to purchase financial instruments)

- h. Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

## **B. Investment Services**

As described above, Dynasty or the designated financial intermediary is responsible for creation of series of models with varying asset allocations and risk profiles. To implement the models, Dynasty conducts initial and ongoing due diligence on research providers that provide their own model portfolio allocations. In addition, Dynasty may select mutual funds and/or ETFs for each model. To implement the models, Dynasty has selected an Overlay Manager responsible for performing the buy/sell transactions.

### ***Potential Risks of Investing With Mutual Funds, ETFs and Bonds:***

**Redemption Fee Risk** - A mutual fund redemption fee, also referred to as a “redemption fee,” “market timing fee,” or “short-term trading fee,” is a charge by a mutual fund company to discourage investors from making a short-term purchases and sales of mutual fund shares. Clients may incur redemption fees in the event that a model update is implemented, as Dynasty and the Overlay Manager generally would not consider individual Client holding periods for existing Client portfolios. Redemption fees vary by mutual fund and are described in each mutual fund’s prospectus. Imposition of redemption fees can have a material impact on the performance of Program accounts.

**Stock Market Risk** - Mutual funds that invest in equity securities are subject to stock market risk. Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Investing in small or medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

**Foreign Securities Risk** - Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

**Interest Rate Risk** - Bonds also experience market risk as a result of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall and so will the mutual fund’s share price. The reverse is also true: if interest rates fall, bond prices will generally rise.

A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter term bond. Because of their very short-term nature, money

market instruments carry less interest rate risk.

**Credit Risk** - Bonds and bond mutual funds are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

**Liquidity Risk** - Liquidity risk exists when a particular security is difficult to trade. A mutual fund's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.

**Call Risk** - Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

**Objective/Style Risk** - All of the mutual funds are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund invests will trail the returns of the overall market.

**U.S. Government Agency Securities Risk** - Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government-sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

## ***WRAP PROGRAMS***

### ***General Investment Risks***

All investing involves a risk of loss and the Program offered by Dynasty could lose money over short or even long periods. Performance could be negatively impacted by a number of different market risks, including, but not limited to, that the portfolio management techniques used by Dynasty may not produce the desired results. This could cause accounts to decline in value. In addition, Dynasty may rely on information that turns out to be wrong. Dynasty selects investments based, in part, on information provided by issuers to regulators or made directly available to Dynasty by the issuers or other sources. Dynasty is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and may result in losses.

Dynasty seeks research providers and funds with a variety of investment strategies in an effort to make a wide range of investment strategies available to financial intermediary firms and clients. Some strategies may be high-risk strategies. Such strategies usually have the potential for substantial returns; however, there are correspondingly significant risks involved in the strategies and they are not intended for all types of clients. Clients who choose to follow high-risk strategies should be aware that there is the possibility of significant losses up to and including the possibility of the loss of all assets placed in the strategies. It is strongly recommended that clients diversify their investments and do not place all of their investments in high-risk investment strategies.

Dynasty also may receive material nonpublic information about an issuer that prevents it from trading securities of that issuer for a client when the client could make a profit or avoid a loss.

### ***Potential Risks Investing with Research Providers***

Dynasty may, from time to time, replace existing research providers or hire others and cannot guarantee the continued availability of models utilizing particular research providers. In managing the model, certain research providers may pursue an investment strategy that utilizes underlying mutual funds or ETFs advised by the model or its affiliate(s) (“Proprietary Funds”). In such situations, the research provider or its affiliate(s) may receive fees from the Proprietary Funds for serving as investment advisers or other service providers to the Proprietary Fund (as detailed in the Proprietary Fund’s prospectus). These fees will be in addition to the management fees that a research provider receives for its ongoing management of the models and create a financial incentive for the research provider to utilize proprietary funds. Clients should discuss any questions with or request further information from their financial intermediary firm concerning the use of Proprietary Funds in models or the conflict of interest this creates.

### ***Potential Risks of Investing with Funds, Equities, and Bonds***

*Stock Market Risk* – Investments in equity securities are subject to stock market risk. Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Investing in small and medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

*Foreign Securities Risk* – Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

*Interest Rate Risk* – Bonds also experience market risk as a result of changes in interest rates.



The general rule is that if interest rates rise, bond prices will fall and so will the mutual fund's and ETF's share price. The reverse is also true: if interest rates fall, bond prices will generally rise.

A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

*Credit Risk* – Bonds and bond mutual funds and ETFs are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

*Liquidity Risk* – Liquidity risk exists when a particular security is difficult to trade. A mutual fund's or an ETF's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund or ETF may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.

*Call Risk* – Many fixed-income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed-income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund or ETF would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

*Objective/Style Risk* – All of the mutual funds and ETFs are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund invests will trail the returns of the overall market.

*U.S. Government Agency Securities Risk* – Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government-sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

#### Participation in other WRAP/UMA Programs

#### ***Method of Analysis***

In providing models to wrap and UMA programs, Dynasty performs investment product

searches, recommends investment products and monitors performance of those products for inclusion in the Dynasty models.

### ***Alternative Strategy Mutual Fund Risks***

Some of Dynasty's models may include alternative strategy mutual funds which invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity.

***Risks Specific to Private Wealth Management*** - Dynasty's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. Every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, Dynasty may also implement and/or recommend – short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (*See discussion below*).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e., a broker-dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Investors who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please Note:** to the extent that a client authorizes the use of margin, and margin is thereafter employed by Dynasty in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Dynasty may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential ***conflict of interest*** whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to Dynasty. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Dynasty shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by Dynasty is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Dynasty, in writing, not to employ any or all such strategies for his/her/their/its accounts.

A. Currently, Dynasty primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds ("ETFs") (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), independent managers and private investments on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

As disclosed above, Dynasty may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Dynasty, in writing, not to employ any or all such strategies for the client's accounts. (*See* Item 4.B).

**Independent Managers.** Dynasty may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. Dynasty shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Dynasty shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

## **Item 9            Disciplinary Information**

Dynasty has not been the subject of any disciplinary actions.

## **Item 10           Other Financial Industry Activities and Affiliations and Other Conflicts of Interest**

Dynasty has affiliated entities that provide a variety of investment related services as further described herein.

**Registered Representatives of PKS.** As disclosed above in Item 5.E, certain of Dynasty's representatives are also registered representatives of PKS, an SEC-registered and FINRA member broker-dealer. The recommendation by Dynasty's representatives, that a client purchase a securities commission product presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Dynasty's representatives. **Dynasty's Chief Compliance Officer, Amanda Kerley, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

**Affiliated Insurance Agency and Agents.** Dynasty is affiliated with Dynasty Insurance Services, a licensed insurance agency. In addition, certain of Dynasty's representatives, in their individual capacities, are licensed insurance agents and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Dynasty's representatives to effect insurance transactions on a commission basis.

The recommendation by Dynasty's representatives that a client purchase an insurance-related product presents a potential **conflict of interest**, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any insurance products from Dynasty's representatives. Clients are reminded that they may purchase insurance products recommended by Dynasty through other, non-affiliated insurance agencies and/or agents. **Dynasty's Chief Compliance Officer, Amanda Kerley, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Referral Agreements.** Dynasty *may* receive payments from one or more advisors or private fund managers in exchange for making referrals in conformity with Rule 206(4)-3 of the Investment Advisers Act of 1940 as applicable, and any corresponding state securities law requirements. At the time of the solicitation, Dynasty shall disclose the nature of its relationship with the advisor or private fund manager and provide the referred individual or entity with a copy of: a) the advisor's or private fund manager's ADV-Part 2

Brochure or the private fund offering or disclosure document where an exempt private fund manager is being referred and there is no ADV-2 Brochure available to provide; and b) the Solicitor Disclosure Statement describing the solicitation arrangement including the compensation paid from the advisor or private fund manager to Dynasty.

**Affiliated Broker-Dealer.** Dynasty's affiliate, PPS Securities LLC, a wholly-owned subsidiary of the Parent, is registered as with the SEC and FINRA as a limited use broker-dealer.

**Affiliated Commodity Pool Operator and Commodity Trading Advisor.** Dynasty Fund Services, LLC, an affiliate of Dynasty and a wholly-owned subsidiary of the Parent, is registered as a commodity pool operator and a commodity trading advisor with the Commodity Futures Trading Commission and is a member of the National Futures Association.

**Private Fund.** Dynasty Fund Services, LLC serves as an investment adviser to a "Private Fund" which is an unregistered investment company organized as a limited liability company.

In providing advisory services to the Private Fund, Dynasty Fund Services directs and manages the investment and reinvestment of the Private Fund's assets and provides reports to investors (through the Private Funds' administrator). Dynasty Fund Services manages the assets of the Private Fund in accordance with the terms of the governing documents.

**Alternative Direct Solutions.** Dynasty Fund Services, an affiliate of Dynasty Wealth and a wholly-owned subsidiary of the Parent, serves as the investment advisor to an affiliated Private Fund managed by Alternative Direct Solutions LLC. The Fund operates under what is known as the Section 3(c)(7) exemption which requires that all of the eligible investors be "qualified purchasers" as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. As a feeder fund vehicle, it allows sophisticated investors to construct customized alternative asset portfolios by allocating capital among one or more Platform Funds, each of which invests all or substantially all of its assets in Underlying Funds managed by Underlying Managers made available by the manager and Dynasty Fund Services in its capacity as the investment advisor. The terms and conditions for participation in Alternative Direct Solutions Fund, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering and constituent documents. Dynasty Wealth's clients are under no obligation to consider or make an investment in the Private Fund.

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client that elects to invest in the Private Fund will be required to complete

a Subscription Agreement, pursuant to which the client shall establish that the client is qualified to invest in the Private Fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Because Dynasty Wealth may indirectly receive compensation from the Private Fund through their common ownership by the Parent Dynasty Financial, Dynasty Wealth's advisory fee may, indirectly, exceed the fee that Dynasty would earn under its standard "assets under management" fee schedule referenced in Item 5.A herein. The recommendation that a client become an investor in the Private Fund could present a potential **conflict of interest**. No client is under any obligation to become an investor in the *any fund sponsored by Dynasty or any of its affiliates*. Dynasty's Chief Compliance Officer, Amanda Kerley, remains available to address any questions regarding this potential conflict of interest.

**Affiliated Lending Business.** Dynasty Advisors Financing Services, LLC ("DAFS") is owned by the Parent Dynasty Financial Partners, LLC and is an affiliate of Dynasty Wealth through their common ownership by the Parent, and DFAS provides financing support for certain advisors launching their independent registered investment adviser ("RIA") firms on the Dynasty RIA investment platform. Providing a lending facility to an advisor that may elect to invest in investment models advised by Dynasty Wealth presents a potential conflict of interest. No advisor or client is under any obligation to utilize the lending facility or invest in the investment models advised by Dynasty Wealth.

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

A. Dynasty maintains an investment policy relative to personal securities transactions. This investment policy is part of Dynasty's overall Code of Ethics, which serves to establish a standard of business conduct for all of Dynasty's representatives that are based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Dynasty also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Dynasty or any person associated with Dynasty.

B. As disclosed above, the Parent has an indirect financial interest in the Private Fund. Dynasty Wealth, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to the Private Fund. The terms and conditions for participation in the Private Fund, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering documents. Dynasty's clients are under absolutely no obligation to consider or make an investment in the Private Fund. **Dynasty's Chief Compliance Officer, Amanda Kerley, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding potential conflict of interest such arrangement may create.**

C. Dynasty Wealth and/or representatives of Dynasty *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Dynasty and/or representatives of Dynasty are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Dynasty did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of Dynasty’s clients) and other potentially abusive practices.

As disclosed above, Dynasty has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Dynasty’s “Access Persons”. Dynasty’s securities transaction policy requires that an Access Person of Dynasty provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date Dynasty selects; provided, however that at any time that Dynasty has only one Access Person, he or she shall not be required to submit any securities report described above.

D. Dynasty and/or representatives of Dynasty *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Dynasty and/or representatives of Dynasty are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above, Dynasty has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Dynasty’s Access Persons.

## **Item 12 Brokerage Practices**

In the event that the client requests that Dynasty recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Dynasty to use a specific broker-dealer/custodian), Dynasty generally recommends that investment management accounts be maintained at *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD*. Prior to engaging Dynasty to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Dynasty setting forth the terms and conditions under which Dynasty shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Dynasty considers in recommending *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD* (or any other broker-dealer/custodian to clients) include historical relationship with Dynasty, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction

fees paid by Dynasty's clients shall comply with Dynasty's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Dynasty determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Dynasty will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Dynasty's investment management fee. Dynasty's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

#### 1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Dynasty may receive from *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Dynasty to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Dynasty may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Dynasty in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Dynasty in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Dynasty to manage and further develop its business enterprise.

Dynasty's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD* as a result of this arrangement. There is no corresponding commitment made by Dynasty to *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Dynasty's Chief Compliance Officer, Amanda Kerley, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding potential conflict of interest such arrangement may create.**



2. Dynasty may from time to time receive referrals from third-party broker-dealers, and where referral fees are paid to such broker-dealers, all referral payments will be made in accordance with Item 14.B below describing referral or solicitor arrangements.

3. Dynasty may accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will typically negotiate terms and arrangements for their account with that broker-dealer, and Dynasty will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Dynasty. As a result, in cases of a directed brokerage arrangement the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Dynasty to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Dynasty.

**Dynasty's Chief Compliance Officer, Amanda Kerley, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

A. To the extent that Dynasty provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Dynasty decides to purchase or sell the same securities for several clients at approximately the same time. Dynasty may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Dynasty's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Dynasty shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13      Review of Accounts**

A. For those clients to whom Dynasty provides investment supervisory services, account reviews are conducted on an ongoing basis by Dynasty's Principals and/or representatives. All clients are reminded that it remains their responsibility to advise Dynasty of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Dynasty on not less than an annual basis.

B. Dynasty *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Dynasty may also provide a written periodic report summarizing account activity and performance.

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

A. As referenced in Item 12.A.1 above, Dynasty may receive an indirect economic benefit from *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD*. Dynasty, without cost (and/or at a discount), and may receive support services and/or products from *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD*.

Dynasty's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD* as a result of this arrangement. There is no corresponding commitment made by Dynasty to *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Dynasty's Chief Compliance Officer, Amanda Kerley, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

B. If a client is introduced to Dynasty by either an unaffiliated or an affiliated solicitor, Dynasty *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Dynasty's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Dynasty by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Dynasty's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Dynasty and the solicitor, including the compensation to be received by the solicitor from Dynasty.

#### **Item 15            Custody**

Dynasty Private Wealth Management clients' assets are held in custody by unaffiliated broker/dealers and Dynasty has the ability to have its advisory fee for each client debited

by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Dynasty may also provide a written periodic report summarizing account activity and performance.

To the extent that Dynasty provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Dynasty with the account statements received from the account custodian. The account custodian does not verify the accuracy of Dynasty's advisory fee calculation.

Assets of clients who have invested in the UMA and model portfolios are held in custody by unaffiliated broker/dealers. Clients should receive at least quarterly statements from the broker/dealer that holds and maintains the client's assets. Dynasty urges you to carefully review such statements and compare such official custodial records to the account statements provided to you by your financial intermediary. The financial intermediary performance reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

All Private Fund assets, other than interests in the Underlying Funds, are held in custody by unaffiliated broker/dealers or banks.

Investors in the Private Funds do not receive statements from the custodian of the activity within the Private Funds. Instead, the third party administrator to the Private Funds distributes periodic performance and net asset value statements to each investor, and the Private Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to the investors.

## **Item 16      Investment Discretion**

Private Wealth Management clients can determine to engage Dynasty to provide investment advisory services on a discretionary basis. Prior to Dynasty assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, granting to Dynasty the power to make investment decisions on the client's behalf without prior consultation, including the authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name on deposit in the discretionary account.

Clients who engage Dynasty on a discretionary basis may, at any time, impose restrictions, in writing, on Dynasty's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Dynasty's use of margin, etc.).

**Item 17        Voting Client Securities**

A. Dynasty does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Dynasty to discuss any questions they may have with a particular solicitation.

**Item 18        Financial Information**

Dynasty has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

**ANY QUESTIONS: Dynasty's Chief Compliance Officer, Amanda Kerley, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**