

**Item 1: Cover Page for Part 2A Appendix 1 of Form ADV**



**Wrap Fee Program Brochure**

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This brochure provides information about the qualifications and business practices of Washington Wealth Management, LLC (the "Advisor"). If you have any questions about the contents of this brochure, please contact us at (800) 214-8341 or by mail at 3570 Carmel Mountain Road, Suite 150, San Diego, CA 92130. 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 Washington Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes to Part 2A Appendix 1 (Wrap Fee Program Brochure) of Form ADV:**

Washington Wealth Management, LLC is required to advise you of any material changes to the Wrap Fee Program Brochure ("Wrap Brochure") from the last annual update, identify those changes on the cover page of the Wrap Brochure or on the page immediately following the cover page, or in a separate communication accompanying the Wrap Brochure. It must be stated clearly that only material changes are being discussed since the last annual update of the Wrap Brochure, and Washington Wealth Management, LLC must provide the date of the last annual update of the Wrap Brochure.

This is the first annual amendment filing for Washington Wealth Management, LLC. Since its initial registration it has a new non-affiliated Broker Dealer, LPL Financial, who also provides custodial services to the Advisor.

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#### **Item 4: Services, Fees & Compensation**

- A. Washington Wealth Management, LLC (the “Advisor”) is a Delaware Limited Liability Company formed on September 14, 2010 in the Commonwealth of Virginia. The Advisor became registered as an Investment Adviser Firm in October 2010. The Advisor is directly owned by Stirrup Partners, LLC, a Delaware limited liability company (“Stirrup”), the sole member of the Advisor. Stirrup’s member interests are majority owned by Eric Nettere. Accordingly, Mr. Nettere is the indirect owner of the Advisor.

The Advisor offers asset management services. The Advisor’s Investment Adviser Representatives (“IARs”) emphasize continuous and regular account supervision and generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which the IARs determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, the IARs review the portfolios at least quarterly and if necessary, rebalance the portfolios based upon individual needs, stated goals, and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

The client can determine to engage the Advisor to provide discretionary and/or non-discretionary investment advisory services on a fee basis. The Advisor’s annual investment advisory fee varies and may total up to 2.85% of the total assets placed under the Advisor’s management/advisement. A representative range of annual investment advisory fees presently charged is from .6% to 1.6%. The amount of the fees charged by Advisor is based upon various objective and subjective factors. These factors include the amount of the assets placed under the Advisor’s direct management, the amount of the assets placed under the Advisor’s advisement, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered.

The annual investment advisory fee includes investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services, and the Advisor determines in its sole discretion to provide such services, the Advisor may impose a separate charge for such additional services. The amount of any such separate charge will be set forth in a written notice to the client.

**Non-Investment Consulting/Implementation Services** If requested by the client, the Advisor may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. However, neither the Advisor, nor any of its representatives, acts for any client in the capacity of the client’s attorney or accountant. No service provided by the Advisor or any of its representatives constitute legal or accounting services. To the extent requested by a client, the Advisor may recommend the services of other professionals for certain non-investment implementation purposes (e.g., attorneys, accountants and insurance agents), including representatives of the Advisor in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation regarding use of a third party received from the Advisor.

**Non-Discretionary Service Limitations** Clients that determine to engage the Advisor on a non-discretionary investment advisory basis must be willing to accept that the Advisor through its IARs 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, the Advisor will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

- B. A wrap fee program allows clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management and/or advice concerning selection of other advisers, and the fee is not based directly upon transactions in your account. Your fee is bundled with the costs for executing transactions in your account(s). This results in a higher advisory fee to you. The Advisor does not charge its clients higher advisory fees based on their trading activity, but you should be aware that the Advisor may have an incentive to limit its trading activities in your account(s) because it is charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.
- C. You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by the Advisor.
- D. IARs receive a portion of the advisory fee that you pay to the Advisor. As they are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, the IARs may stand to earn more compensation from advisory fees paid to the Advisor through a wrap fee program arrangement if your account is not actively traded.

### **Item 5: Account Requirements & Types of Clients**

The Advisor's clients are comprised primarily of individuals, business entities, trusts, estates and charitable organizations located in the United States. The Advisor may also have clients located outside of the United States. The Advisor does not generally require an annual minimum fee or asset level for investment advisory services.

The Advisor does not generally require an annual minimum fee or asset level for investment advisory services. The Advisor, in its sole discretion, may charge a reduced investment management fee and/or require an annual minimum fee or asset level in some circumstances. For example, the Advisor may charge reduced fees or require a reduced asset level in cases of anticipated changes in earnings capacity, the addition of substantial assets to a client account, substantial increases in the dollar amount of assets of the client to be managed by the Advisor, the opening by the client of additional accounts, certain changes in a client's account composition and individual negotiations with a client.

## **Item 6: Portfolio Manager Selection & Evaluation**

- A. The Advisor may utilize portfolio managers both inside and outside the firm. A conflict of interest with accounts being managed by in-house professionals may be created in that other investment advisory firms may charge the same or lower fees than the Advisor for similar services. The Advisor's in-house portfolio managers are not subject to the same selection and review as outside portfolio managers that participate in the wrap fee program.

The Advisor may select and reviews outside portfolio managers based on the following factors:

- past performance;
- investment philosophy;
- market outlook;
- experience of portfolio managers and executive team;
- disciplinary, legal and regulatory histories of the firm and its associates;
- whether established compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, anti-money laundering.

In the case of outside portfolio managers, the Advisor does not calculate portfolio manager performance. Instead, it relies upon the performance figures based on client's monthly or quarterly statements or reports provided by third party portfolio managers. The Advisor may review performance information or hire third parties to do so, in order to determine or verify its accuracy or compliance with presentation standards. Accounts managed in house are reviewed with the same fiduciary concerns as those managed outside.

### **(1) Advisory Business:**

See Item 4 for information about the wrap fee advisory program.

### **(2) Individual Tailoring of Advice to Clients:**

The Advisor offers individualized investment advice to clients utilizing the wrap asset management service.

### **(3) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:**

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to the asset management service. The Advisor does not manage assets through any other service.

### **(4) Participation in Wrap Fee Programs.**

Wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. Management of wrap fee accounts are done in a similar fashion as non-wrap fee accounts.

(5) Performance-Based Fees & Side-By-Side Management.

The Advisor does not charge performance fees to its clients.

(6) Methods of Analysis, Investment Strategies & Risk of Loss

The Advisor may utilize the following methods of security analysis:

- Charting — an analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices;
- Fundamental — an analysis performed on historical and present data, with the goal of making financial forecasts;
- Technical — an analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices; and
- Cyclical — an analysis performed on historical relationships between price and market trends, to forecast the direction of prices.

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

- Long Term Purchases — securities held at least a year;
- Short Term Purchases — securities sold within a year; and
- Trading — securities sold within thirty (30) days.

**Investment Risk** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Advisor) will be profitable or equal any specific performance level(s).

The Advisor's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Advisor must have access to current/new market information. The Advisor has no control over the dissemination rate of market information; therefore, unbeknownst to the Advisor, certain analyses may be compiled with outdated market information, severely limiting the value of the Advisor'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.

The Advisor's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, 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. Trading, defined as an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period, and is likely to incur higher transaction costs than a short term investment strategy. Trading is also likely to incur substantially higher transaction costs than a longer term investment strategy.

The Advisor allocates client investment assets among different types of securities and investments, including, but not limited to, individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds (“ETFs”) on a discretionary or nondiscretionary basis in accordance with the client’s designated investment objective(s).

**(7) Voting Client Securities**

The Advisor 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.

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

**Item 7: Client Information Provided to Portfolio Manager(s)**

The Advisor is required to describe the information about you that the Advisor communicates to your portfolio manager(s), and how often or under what circumstances the Advisor provides updated information. The Advisor communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, the Advisor will communicate such information as part of regular investment management duties. Nevertheless, the Advisor will also communicate information to your portfolio manager(s) when you ask them to, when market or economic conditions make it prudent to do so, etc.

**Item 8: Client Contact with Portfolio Manager(s)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

**Item 9: Additional Information**

A. We are required to respond to: 1. Item 9 (Disciplinary Information); and 2. Item 10 (Other Financial Industry Activities and Affiliations) of Part 2A of Form ADV.

1. Neither the Advisor nor its management has disciplinary information to disclose.
2. **Registered Representatives of Broker-Dealers.** Certain representatives of the Advisor are registered representatives of LPL Financial, which is a FINRA member broker-dealer. Clients may choose to engage these representatives in their capacities as registered representatives of LPL Financial to implement investment recommendations on a commission basis.



**Licensed Insurance Agents.** Certain representatives of the Advisor are licensed insurance agents, and they may recommend the purchase of certain insurance-related products on a commission basis. Clients are under no obligation to use Advisor's representatives to effect insurance transactions on a commission basis.

**Conflict of Interest.** The recommendation by representatives of the Advisor who are also representatives of broker-dealers or insurance agents that a client purchase a security or an insurance product presents a conflict of interest, because the receipt of commissions by such representatives may provide the representative with an incentive to recommend investment products based on commissions they may receive, rather than on a particular client's need. However, no client is under any obligation to purchase any product the sale of which would pay to a commission to representatives of the Advisor. Clients are reminded that they may purchase securities and/or insurance products recommended by Advisor through other, non-affiliated broker/dealers and/or insurance agents. The Advisor's Chief Compliance Officer is available to address any questions that a client or prospective client may have regarding the above conflict of interest.

- B. We are required to respond to: 1. Items 11 (Code of Ethics or Interest in Client Transactions and Personal Trading); 2. Item 13 (Review of Accounts); 3. Item 14 (Client Referrals and Other Compensation); and 4. Item 18 (Financial Information) of Part 2A of Form ADV, as applicable to wrap fee clients.

**1. Code of Ethics, Participation or Interest in  
Client Transactions & Personal Trading.**

- a) The Advisor maintains an investment policy concerning personal securities transactions. This investment policy is part of Advisor's Code of Ethics. The Code of Ethics serves to establish a standard of business conduct for all of Advisor's representatives that is based upon fundamental principles of openness, integrity, honesty and trust. A copy of the Code of Ethics will be provided to clients upon request. In accordance with Section 204A of the Investment Advisers Act of 1940, the Advisor also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Advisor or any person associated with the Advisor.
- b) Neither the Advisor nor any related person of the Advisor recommends, buys, or sells for client accounts, securities in which the Advisor or any related person of Advisor has a material financial interest.
- c) The Advisor and/or representatives of the Advisor may buy or sell securities that are also recommended to clients. This practice may create a situation where the Advisor and/or representatives of the firm 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 the Advisor 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 the Advisor's clients) and other potentially abusive practices.

The Advisor has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Advisor's "Access Persons." The Advisor's securities truncation policy requires that Access Person of the Advisor must provide the Chief Compliance Officer or his/her designee with a written report of the 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 the Advisor selects; provided, however that at any time that the Advisor has only one Access Person, he or she shall not be required to submit any securities report described above.

- d) The Advisor and/or representatives of the Advisor may buy or sell securities, at or around the same time as when those securities are recommended to clients. This practice creates a situation where the Advisor and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. The Advisor has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Advisor's Access Persons.

## **2. Review of Accounts.**

- a) For those clients to whom the Advisor provides investment advisory services, account reviews are conducted on an ongoing basis by the Advisor's Principals and Chief Compliance Officer. All investment advisory clients are advised that it remains their responsibility to advise the Advisor 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 the Advisor on an annual basis.
- b) The Advisor may conduct account reviews separate from a 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. The Advisor may also provide a written periodic report summarizing account activity and performance.

## **3. Client Referrals & Other Compensation.**

- a) In the event that the client requests that the Advisor recommend a broker-dealer/ custodian for execution and/or custodial services (exclusive of those clients that may direct the Advisor to use a specific broker-dealer/custodian), Advisor generally recommends that investment management accounts be maintained at any of the following qualified custodians: National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity"), Charles Schwab & Co., Inc. ("Schwab"), LPL Financial ("LPL"), FINRA-registered broker-dealers, members SIPC, TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA or Pershing LLC, member FINRA, NYSE, SIPC ("Pershing").

**Fidelity**

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

**Schwab Services that Benefit You.**

The Advisor receives an economic benefit from Schwab in the form of the support products and services it makes available to the Advisor and other independent investment advisors that have their clients maintain accounts at Schwab. The availability of Schwab's products and services is not based on the Advisor giving particular investment advice, such as buying particular securities.

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 the Advisor might not otherwise have access or that would require a significantly higher minimum initial investment by clients. Schwab's services described in this paragraph generally benefit you and your account.

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

Schwab also makes available to the Advisor other products and services that benefit the Advisor but may not directly benefit you or your account. These products and services assist the Advisor in managing and administering clients' accounts. They include investment research, both Schwab's own and that of third parties. The Advisor may use this research to service all or some substantial number of 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 Advisor's fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

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

Schwab also offers other services intended to help the Advisor manage and further develop Advisor's business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;

- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of Advisor's personnel. Irrespective of direct or indirect benefits to client through Schwab, we strive to enhance your experience, help you reach your goals and put your interests before that of the Advisor or its associated persons.

### **LPL: Investment or Brokerage Discretion**

The Advisor provides discretionary portfolio management services where the investment advice provided is custom tailored to meet the needs and investment objectives of each client. Accordingly, the Advisor is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased/sold and the amount of securities to be purchased/sold. The Advisor does not have discretionary authority over the broker or dealer to be used.

### **Suggestion of Brokers to Clients**

The Advisor may recommend LPL Financial. LPL is the broker-dealer with which some of its representatives are also associated. As a result some accounts may be required to utilize the brokerage/custodial services of LPL. The Advisor's general policies relative to the execution of client securities brokerage transactions are as follows:

#### **Execution of Brokerage Transactions (when applicable)**

In seeking "best execution", the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. LPL also takes into consideration the full range of a broker-dealer's services including execution capability, commission rates, and responsiveness. Although LPL will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for all account transactions.

Over-the-Counter (OTC) securities transactions are generally effected based on two (2) separate broker-dealers: (1) a "dealer" or "principal" acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client may also incur the transaction fee imposed by the executing broker-dealer. The Advisor does not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

Transactions for each client account will be effected independently. The Advisor through its IARs individually review each client's account and place trades accordingly. Despite being purchased or sold at approximately the same time all clients' transactions will incur individual transaction fees.

### **Additional Compensation**

The Advisor may receive from LPL or a mutual fund company, without cost and/or at a discount non soft-dollar support services and/or products, to assist the Advisor to better monitor and service client accounts maintained at such institutions. Included within the support services that may be received are 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 to assist in Advisor's investment advisory business operations. Clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no commitment made by the Advisor to LPL or any other institution as a result of the above arrangement.

### **TD Ameritrade**

The Advisor participates in TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA, customer program and the Advisor may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between the Advisor's participation in the program and the investment advice given to clients, although the Advisor receives economic benefits through participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving the Advisor's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by the Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Advisor but may not benefit client accounts. These products or services may assist in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help to manage and further develop the Advisor's business enterprise. The benefits received by the Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of the fiduciary duties to clients, the Advisor endeavors at all times to put the interests of the clients first. Clients should be aware, however, that the receipt of economic benefits by the Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

### **Pershing**

The Advisor may recommend that a client in need of brokerage and custodial services utilize Pershing LLC, among others. It may be the case that the recommended broker charges a higher fee than another broker charges for a particular type of service, such as commission rates. Clients may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through such broker as the Advisor recommends.

In selecting a broker/dealer, the Advisor will endeavor to select those broker/dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker/dealer's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services. When consistent with the Advisor's fiduciary duty of best execution, the firm will direct trades to any of the suggested broker/dealers listed above.

Some clients may instruct the Advisor to use one or more particular broker/dealers for the transactions in their accounts. Clients who may want to direct the Advisor to use a particular broker/dealer should understand that this might prevent the Advisor from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent the Advisor from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses, execution, clearance, and settlement capabilities that they will obtain through their broker/dealer are adequately favorable in comparison to those that the Advisor would otherwise obtain for its clients.

The Advisor may receive research and execution related services from Pershing LLC to assist the Advisor in managing its accounts. These services and products would include financial publications, pricing information and other products or services. Such research and execution related services are offered to all investment advisers who utilize these firms. However, the commissions charged by these parties may be higher than those charged by a broker who does not provide the aforementioned research and execution related services.

- b) If a client is introduced to the Advisor by either an unaffiliated or an affiliated solicitor, Advisor will generally 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 the Advisor's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Advisor 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 the Advisor'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 the Advisor and the solicitor, including the compensation to be received by the solicitor from the Advisor.

#### **4. Financial Information.**

- a) The Advisor does not solicit fees of more than \$1,200 per client, six months or more in advance.
- b) The Advisor is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- c) The Advisor has not been the subject of a bankruptcy petition.