

# **Money Matters with Ken Moraif**

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## **Form ADV Part 2A Disclosure Brochure**

This brochure provides information about the qualifications and business practices of Money Matters with Ken Moraif. If you have any questions about the contents of this brochure, please contact us at 469-246-3627. 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 Money Matters with Ken Moraif is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Money Matters with Ken Moraif is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated January 31, 2012 there are no material changes to report.

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## Item 4 Advisory Business

Money Matters with Ken Moraif is an SEC-registered investment adviser with its home office located in Plano, Texas. Our firm is organized as a limited liability company under the laws of the State of Texas. Money Matters with Ken Moraif was established in 2011. Kenneth A. Moraif, Clark C. Hatton, Charles D. Dyer, Jr., Elias R. Dragon and Douglas M. Bartol are our principal owners.

As used in this brochure, the words "we", "our" and "us" refer to Money Matters with Ken Moraif and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We provide discretionary portfolio management services in accordance with your individual investment objectives. These services may be provided through the SEI Asset Allocation Program, the Envestnet Private Wealth Management Program (the "PWM Program"), may involve management of the subaccounts for variable annuities, and/or management of other client securities. Services are offered to individuals, high net worth individuals, defined benefit plans, participant and non-participant directed defined contribution plans, institutions, endowments, and foundations. We serve as your investment adviser, and are responsible for analyzing your current financial situation, return expectations, risk tolerance, time horizon, and asset class preference, pursuant to our investment advisory agreement. Based upon your information, we will work with you to select an investment strategy and choose from one of many mutual fund asset allocation models and/or Exchange Traded Funds ("ETFs") asset allocation models, which may be provided by SEI Investments Management Corporation ("SIMC"), the PWM Program, or we may separately purchase the individual mutual funds and/or ETFs. Once we create and/or select a portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances. Upon transferring your account to us, generally, all positions will be liquidated and the cash transferred to a qualified independent custodian. However, if there are certain securities you own that you do not want to liquidate, you must notify us in writing and they will be transferred in kind for custody but we will not advise on those positions.

We also offer non-discretionary portfolio management services on a continuous basis, and in accordance with your individual investment objectives. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to the execution of any transactions for your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis. Participation in the SIMC program and the PWM Program are on a discretionary basis only.

We will allocate the assets placed in your account in accordance with the investment strategy, goal or model selected by you as the investor. You may, through us, adjust your asset allocation to help ensure that the mix reflects the objectives of the chosen strategy. You may, at any time, impose reasonable restrictions on the management of your account or choose a new investment strategy. All such restrictions must be submitted to our firm in writing.

### **SEI-SIMC Platform**

SIMC has created the following mutual funds specifically for our clients: Tactical Offensive Equity Fund (TCOEX), Tactical Offensive Fixed Income Fund (TCOFX), and Tactical Defensive Fund (TCDFX). We will direct SEI Private Trust Company (SPTC) as to the applicable percentage asset allocation between these, and possibly other, funds.

The SEI Funds are administered, distributed, and in some cases advised by SIMC or its affiliates for which it is paid fees as disclosed in the SEI Funds' prospectuses. **The prospectus should be read carefully by all investors before investing in the SEI Funds.**

### **PWM Program**

Through Envestnet Asset Management, Inc. ("Envestnet"), an unaffiliated registered investment adviser, that offers various services to independent investment advisers, we will have access to a full range of fee-based investment offerings, research and due diligence on asset managers and funds, flexible online reporting on your account, and automation of essential back-office functions. Through Envestnet's Private Wealth Management Program ("PWM Program"), we will utilize a web-based platform to construct and rebalance your portfolio. We will construct an asset allocation model and select the underlying investments for each model portfolio. Envestnet provides overlay management services that include certain technology and administrative services only. Envestnet will not provide any investment advisory or management services and has no discretionary authority with respect to the management of your account. Envestnet charges a non-negotiable minimum annual fee that ranges between \$60 and \$300 per account.

### **Discretionary Trading Authority**

Prior to participating in any discretionary management program, you must grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities and the amount thereof, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and/or through trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

### **Termination of the Advisory Agreement**

Without exception, the portfolio management agreement will terminate immediately upon the transfer of your account/portfolio away from our firm. Alternatively, you may terminate the portfolio management agreement upon 30-days' written notice to our firm. In either case, you will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. Upon termination of the agreement, in the event you have prepaid fees that we have not yet earned, you will receive a pro-rata refund of the unearned portion.

Neither party may assign the portfolio management agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of our firm shall not be considered an assignment.

### **Types of Investments**

We primarily offer advice on mutual funds, fixed annuities and variable annuities. We may also provide advice on exchange traded funds and equity securities. You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2012, we manage \$1,526,625,449 in client assets on a discretionary basis, and \$78,884,309 in client assets on a non-discretionary basis.

**Investment Related Newsletter**

We publish an industry-related newsletter that is currently provided at no charge to existing and prospective clients of our firm. In all cases, the newsletter is delivered via email. Prospective clients may choose to attend a Money Matters Seminar or subscribe at [moneymatters.net](http://moneymatters.net) and receive a free subscription to the newsletter, which will remain available as long as the newsletter continues to be published by our firm.

**Educational Seminars**

We provide educational seminars, at no cost, that are open to existing and prospective clients. The information provided at these seminars is general in nature and is not intended to provide specific investment advice to any attendee.

**Item 5 Fees and Compensation**

We charge an annual fee based on the amount of your assets we manage, which is generally equal to 1.00% of the assets under management. Existing accounts may be subject to varying compensation arrangements. Generally, our fee is payable quarterly in arrears based on the value of your account on the last day of the quarter. Fees under the PWM Program are payable quarterly in advance, as discussed more fully below.

Some accounts will be charged 1.25% for assets under management. In all cases, we will disclose whether this higher fee applies to your account prior to your decision to retain our services. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

We may deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. Our fees for management of the sub-accounts tied to variable annuities may be distributed by the annuity company directly from your account. Under the PWM Program, Envestnet will perform billing administration services and will deduct the program fees, including our advisory fee, from your program account. Once deducted, Envestnet will then distribute the fees to the applicable party.

**PWM Program**

Accounts that participate in the PWM Program are assessed a total Account Fee. This Account Fee includes our fee, as described above, plus the fees for utilizing the PWM Program. Custodial fees are separate from the fee you pay to our firm and the fees that are paid to Envestnet. The amount deducted from your account will include our fee, Envestnet's fee and other fees that are generally payable to your account custodian, collectively the total advisory fee. After the PWM Program Fee is deducted from the total advisory fee you pay, the resulting net fees are payable to our firm.

In this program, client fees are payable quarterly, in advance, based on assets under management. Upon termination of your PWM Program accounts you will receive a full pro-rata refund of any unearned fees.

The standard fees that are payable to Envestnet are as follows:

<u>Amount</u>	<u>Proprietary Investment Models</u>	<u>Advisor as Portfolio Manager</u>
First 1MM	0.10% - 0.16%	0.05% - 0.10%
1MM to 5MM	0.10% - 0.14%	0.04% - 0.08%
5MM to 10MM	0.09% - 0.12%	0.03% - 0.06%
Over 10M	0.09% - 0.10%	0.02% - 0.04%

\*These fees are in addition to our advisory fee, discussed above.

\* Custodial fees are not included.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and/or exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. In addition to brokerage commissions or other charges, you should also be aware that certain tax consequences may occur when transferring assets to our firm for management services; thus, you should consult with your tax consultant before transferring assets to our firm. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

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

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

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

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

## Item 7 Types of Clients

We offer investment advisory services to individuals, high net worth individuals, defined benefit plans, participant and non-participant directed defined contribution plans, institutions, endowments, and foundations.

In general, we require a minimum of \$100,000 to open and maintain an advisory account. As a courtesy to existing clients who independently meet the \$100,000 minimum threshold, we may, in our discretion, manage other accounts for their household who do not meet the minimum requirement. The investment adviser representative servicing your account may also waive or reduce the stated minimum account size for new client relationships in their sole discretion.

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

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

- Charting Analysis - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.
- Fundamental Analysis- involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Technical Analysis - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends.
- Long Term Purchases- securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We use trend analysis to determine when to exit the market altogether and when to re-enter the market. The strategy is either offensive or defensive depending on the analysis and we will move all our clients in or out of the market at or about the same time as the trend analysis dictates. In addition to the risks noted below, the risks involved with trend analysis are that if the indicators trigger us to sell out of the market there is the chance that the market may continue to move up after we have sold. We will then have to wait until the next trigger point before buying back in to the market. We would, in that instance, miss out on the up-side potential and under perform. Conversely, if a trigger point indicates that we should buy in to the market, there is a risk that the market might nevertheless experience a decline forcing us to sell out and incur a loss. Additionally, there is, of course, always the risk of disasters that would cause the market to experience catastrophic declines. While we generally employ trending analysis, mitigating circumstances may dictate a different course of action, and cause us not to follow the trending analysis strategy.

### **Risks Associated with Methods of Analysis**

The risk of investment decisions based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance. The risk of cyclical analysis is that economic cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

### **Tax Considerations**

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

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. You understand that our investment recommendations for your account are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

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

We primarily recommend mutual funds, variable annuities and fixed annuities for our clients. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it. You should be advised of the following risks when investing in these types of securities:

**Exchange Traded Funds (ETFs):** As part of the PWM Program, we will invest primarily in ETFs. ETFs trade on securities exchanges and are subject to all the risks discussed above with respect to the underlying assets they hold. However, they are also subject to the additional risk that their traded values can diverge from the underlying values of the securities that they hold. Thus, potential losses can be increased when an ETF is purchased at a price that is higher than its underlying value or sold at a price that is lower than its underlying value.

**Mutual Funds:** As part of the SEI Platform, we will invest primarily in mutual funds. Mutual funds are funds that are operated by an investment company that raises money from shareholders and invests it in stocks, bonds, and/or other types of securities. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. The mutual funds charge a separate management fee for their services. The returns on mutual funds can be reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Funds that are sold through brokers are called load funds, and those sold to investors directly from the fund companies are called

no-load funds. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. Investors should carefully assess their tolerance for risk before they decide which fund is suitable for their account.

**Deferred annuity:** A type of annuity contract that delays payments of income, installments or a lump sum until the investor elects to receive them. This type of annuity has two main phases, the savings phase in which you invest money into the account, and the income phase in which the plan is converted into an annuity and payments are received. A deferred annuity can be either variable or fixed.

**Immediate annuities:** A type of annuity contract that is purchased with a single payment and with a specified payout plan that starts right away. Payments may be for a specified period or for the life of the annuitant and are usually on a monthly basis.

Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as: mortality and expense risk charges; administrative fees; underlying fund expenses; and charges for special features, all of which can reduce the return. Earnings in a variable annuity do not provide all the tax advantages of 401(k)s and other before-tax retirement plans. Once the investor starts withdrawing money from their variable annuity, earnings are taxed at the ordinary income rate, rather than at the lower capital gains rates applied to other non-tax-deferred vehicles which are held for more than one year. Proceeds of most variable annuities do not receive a "step-up" in cost basis when the owner dies like stocks, bonds, and mutual funds do. Some variable annuities offer "bonus credits". These are usually not free. In order to fund them, insurance companies typically impose mortality and expense charges and surrender charge periods. In an exchange of an existing annuity for a new annuity (so-called 1035 exchanges) the new variable annuity may have a lower contract value and a smaller death benefit; may impose new surrender charges or increase the period of time for which the surrender charge applies; may have higher annual fees; and provide another commission for the broker.

## **Item 9 Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

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

Persons providing investment advice on behalf of our firm may be licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Refer to the *Fees and Compensation* section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

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

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties

of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

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

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

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

### **Personal Trading Practices**

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

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

## **Item 12 Brokerage Practices**

SEI-SIMC Platform: Due to the nature of this program, we do not typically suggest brokers and/or dealers to you. However, SEI Private Trust Company (a subsidiary of SEI Investments Company) may act as the transfer agent and custodian for your account(s).

PWM Program: For clients participating in this program we will routinely recommend the brokerage and custodial services of Fidelity Investments ("Fidelity"), a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. If you do not direct our firm to execute transactions through Fidelity, we reserve the right to not accept your account. Not all advisers require their clients to direct brokerage. We may only implement our investment management recommendations after you have arranged for and furnished our firm with all information and authorization regarding your accounts with Fidelity. You may incur certain charges imposed by Fidelity and other third parties such as custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to our advisory fee.

Factors that we consider in recommending Fidelity or any other broker-dealer to you include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other broker-dealers. The commissions you pay shall comply with our duty to obtain "best execution." However, you

may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions.

We will receive certain benefits from Fidelity solely because we have access to their institutional platform. We may receive from Fidelity, without cost to our firm, computer software and related systems support, which allow us to better monitor your accounts maintained at Fidelity. We may receive the software and related support without cost because we render investment management services to clients that maintain assets at Fidelity. The software and related systems support may benefit our firm, but not you directly. In fulfilling our duties to you, we endeavor at all times to put your interests first. You should be aware; however, that our receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence our choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Under separate arrangements that are not provided through Fidelity, we will also assist you in selecting the risk/return objective and asset allocation strategies that best suit your objectives. You will then specifically direct the account to be invested in accordance with the chosen asset allocation. When you select the asset allocation, you will further direct that the account be automatically adjusted to reflect any adjustment in the asset allocation by the selected asset allocation model. This authorization results in the purchase and sale of certain mutual funds or ETFs (or transfers between variable annuity sub-accounts) without your further authorization or any other party at such time as the composition of the selected model asset allocation changes.

### **Brokerage for Client Referrals**

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

### **Research and Other Benefits**

We do not receive any soft-dollar benefits from SEI, Envestnet, Fidelity, or any other third party service provider. However, SEI does contribute to the costs of client appreciation events. In such cases, SEI will reimburse our firm for the expenses related to the event or SEI may pay the vendors directly. In either case, we do not receive any additional compensation from SEI that is related to the reimbursement of expenses. The amounts of such payments vary according to the size of the event and are not based on assets or transactions. We may enter into similar contribution arrangements with other vendors that may include, for example, Envestnet and/or Fidelity.

Our Associated Persons may, from time to time, attend conferences offered by various vendors and/or wholesalers. These conferences may be available to our Associated Persons at a discounted price or no cost.

With respect to the PWM Platform, we may, subject to negotiation with Envestnet, receive certain allowances, reimbursements or services from Envestnet in connection with our investment advisory services provided to clients. Envestnet may also bear the cost of airfare for firms such as our firm to attend Envestnet's annual conference or to conduct due diligence visits on Envestnet's offices.

In addition, Envestnet may, from time to time, contribute to the costs incurred by participating firms such as our firm in connection with conferences or other client events conducted by such firms and their representatives.

### **Block Trades**

As part of our investment strategy, we may move all of our clients in or out of the market at or about the same time as the trend analysis dictates. Where trades are in mutual funds, each account receives the net asset value and trading in block will not generally impact the price of the security or transaction costs for any client account participating in the block. Where other securities are traded in block, i.e. equity securities, each client will pay an average share of the trading costs associated with the transaction. Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* section above for additional disclosures on our investment strategies and methods of analysis.

## **Item 13 Review of Accounts**

The Associated Person/Advisory Representative assigned to manage your account(s) will monitor your account(s) on an ongoing basis and will conduct account reviews at least annually and as agreed to between you and your Advisory Representative to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your stated investment needs and objectives. You are strongly encouraged to participate in the annual account review; however, your participation is not required. Additional reviews may be conducted based on various circumstances, including, but not limited to: client request; contributions and withdrawals; year-end tax planning; market moving events; security specific events; and/or, changes in your risk/return objectives.

Your Advisory Representative may provide you with written account value reports in conjunction with account reviews. You will receive trade confirmations and reports from your account custodian(s) at least quarterly. If you receive reports from our firm, we encourage you to reconcile our reports with those received from the account custodian. If you find your holdings differ between these two statements, please call our main office number located on the cover page of this brochure immediately.

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

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

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with SEI, Envestnet and Fidelity.

Persons providing investment advice on behalf of our firm may be licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

## Item 15 Custody

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

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact our firm directly at the telephone number on the cover page of this brochure.

## Item 16 Investment Discretion

When opening a new account, before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You will grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

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

## Item 17 Voting Client Securities

Without exception, we will not vote proxies on behalf of your advisory accounts.

## Item 18 Financial Information

We are not required to provide a balance sheet or other financial information to our clients, because we do not require the prepayment of fees in excess of \$1,200 and six months or more in advance; we do not take custody of client funds or securities; and, we do not have a financial condition that is reasonably likely to impair our ability to meet our commitments to you. Moreover, we have never been the subject of a bankruptcy petition.

## Item 19 Requirements for State-Registered Advisers

This section is not applicable to our firm because we are an SEC registered investment adviser.

## Item 20 Additional Information

### Privacy Notice

We have adopted this privacy policy with recognition that protecting the privacy and security of the personal information we collect from you is an important responsibility. To provide services to you in an accurate and efficient manner, we must collect and maintain certain personal information about you. We want you to know what information we collect and how we use and safeguard that information.

**Information We Collect:** We collect certain nonpublic information about you ("Customer Information"). The essential purpose for collecting Customer Information is to allow us to provide advisory services to you. Customer Information we collect may include:

- Information that you provide on applications or other forms. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account, and other records concerning your financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Identifying information such as your name, age, address, social security number, etc.
- Information about your transactions with us, or others (e.g. broker/dealers, clearing firms, or other chosen investment sponsors).
- Information we receive from consumer reporting agencies (e.g. credit bureaus), as well as other various materials we may use to provide an appropriate recommendation or to fill a service request.

**Data Security:** We restrict access to Customer Information to those representatives and employees who need the information to perform their job responsibilities within our Firm. We maintain agreements, as well as physical, electronic, and procedural securities measures that comply with federal regulations to safeguard Customer Information about you.

**Information We Disclose:** As a rule, we do not disclose your nonpublic personal information we collect to others. However, because we rely on certain unaffiliated third parties for services that enable us to provide our advisory services to you, such as our attorneys, other consultants, brokers, and custodians who, in the ordinary course of providing their services to us, may require access to your information, it may be necessary to share non-public personal information with certain third parties.

**Former Clients:** If you decide to close your account(s) or become an inactive customer, we will adhere to our privacy policies, which may be amended from time to time.

**Changes to Our Privacy Policy:** Except as required or permitted by law, we do not share confidential information about you with nonaffiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit or require additional disclosures of your confidential information, we will provide written notice to you, and you will be given an opportunity to direct us as to whether such disclosure is acceptable.

**Questions:** If you have questions about this privacy notice or have a question about the privacy of your customer information call William Frye at (469) 246-3627.

### Trade Errors

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

**Class Action Lawsuits**

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