

# **Meg Green & Associates, Inc.**

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## **FORM ADV PART 2 BROCHURE**

This brochure provides information about the qualifications and business practices of Meg Green & Associates, Inc. If you have any questions about the contents of this brochure, please contact us at 305-931-1400. 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 Meg Green & Associates, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Meg Green & Associates, Inc. is 141559.

Meg Green & Associates, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

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, we have made the following changes to our Form ADV Part 2 Disclosure Brochure:

- Language was amended in the "Item 4 Advisory Business" section to disclose our non-discretionary investment management services offered through SEI. The amended language reads as follows:

### SEI Program

*We may recommend that our clients allocate investment assets among the various mutual fund asset allocation models, underlying mutual funds, and/or independent investment manager programs offered through SEI Investments Company ("SEI"). SEI is a global asset management company and sponsor of its own proprietary mutual funds. SEI Trust Company, a subsidiary of SEI, serves as custodian for each SEI account, and provides each client with reporting services, including consolidated monthly statements, quarterly performance reports, and year-end tax reports. SEI enables investment advisers such as our firm to offer these programs that are not otherwise available to the general public. As part of its overall investment management program, SEI offers monthly rebalancing of each client's investment assets for the purpose of maintaining the assets in accordance with the client's previously designated percentage (%) asset allocations for the SEI account. Our management services through SEI is offered on a non-discretionary basis; therefore, your approval must be obtained before transactions are executed on behalf of your account.*

- Language was amended in the "Item 4 Advisory Business" section to disclose our UMA/SMA and APM discretionary investment management programs. The amended language reads as follows:

### UMA/SMA Program

*Through arrangements with third-party service providers, we have access to third-party investment models, third-party investment managers, mutual funds, exchange traded funds, portfolio maintenance tools and portfolio trade order processing services as needed to achieve your financial and investment objectives.*

*As part of these discretionary management services, we will assist you in selecting a third-party investment program in which to invest after gathering information about your financial situation and objectives. Once you have selected an investment program, we will be responsible for the continuous monitoring and ongoing management of your investment account based on the most recent statement of investment objectives you have provided us in writing.*

*We will grant the active discretionary management of all or part of your investment account to one or more independent investment managers and/or investment management programs ("Independent Managers") based on your stated investment objectives. Discretionary*

authorization will permit the Independent Managers to buy, sell, exchange, convert or otherwise trade in any securities and to further delegate such discretionary authority to other Independent Managers.

You will have the opportunity to place reasonable restrictions on the management of your account(s), or modify existing restrictions. You must provide these restrictions and/or modifications to us in writing.

Adviser as Portfolio Manager Program (APM)

Under this program, we will establish various model investment portfolios that consist of exchange traded funds, mutual funds, individual stocks, or a combination thereof (collectively "securities"). We will determine the universe of securities and asset allocations included in the model portfolios. Each model portfolio represents an asset allocation designed to accommodate a different investment objective. Based upon the written information provided in your statement of investment objectives, we will assist you in determining the suitability of the model portfolio(s) and in establishing an asset allocation policy. Thereafter, we will direct the allocation of your investments in accordance with the asset allocation policy and model(s) adopted by you. We shall have discretionary authority to reallocate your portfolio to maintain adherence to the model portfolio(s). We retain the absolute authority to and may change the relative allocations among the securities in the models. Such changes in the assets within a given model will generally be effected on a quarterly basis. You agree and acknowledge that there is no guarantee that following a strategic asset allocation strategy will produce favorable results.

- Language was amended in the "Item 5 Fees and Compensation" section to disclose the additional fees applicable under the SEI, UMA/SMA and APM investment management programs. The amended language reads as follows:

SEI Program

The fees charged by SEI are exclusive of, and in addition to, our investment management fee. Fees paid by our clients to SEI are established and payable in accordance with the Form ADV Part 2 or other equivalent disclosure document provided to you by SEI. In addition to our investment management fee, the client, relative to all mutual fund purchases, shall also incur charges imposed at the mutual fund level ( e.g., management fees and other fund expenses).

UMA/SMA Program

In addition to our management fee stated above and the fees charged by Independent Managers, clients participating in the UMA/SMA Program are responsible for paying program fees that cover the services provided by the account custodian for clearing and other third-party service providers for the performance of technology, research, administrative and trade implementation services. The program fees are as follows:

Account Size	Annual Fee*	
	<u>UMA/SMA</u>	<u>Fixed Income</u>
Up to \$250K	.45	.36
\$250K-500K	.30	.26
\$500K-1M	.28	.24
\$1M-2M	.24	.22
\$2M-5M	.23	.21

\$5M-10M	.20	.18
Above \$10M	.17	.13

*\*The fee tiers shown in the table detail the rate charged to assets in each tier, which are calculated to yield a total annualized fee. Discounted rates in higher tiers only apply to assets within the specified level and are not applied back to all assets. The total fee for any particular investment strategy will vary over time due to fluctuations in the asset level being invested.*

#### Adviser as Portfolio Manager Program (APM)

*There are two fee schedules available under the APM program, APM1 or APM2, and Program Fees as stated below.*

**APM Program Fees:** *Clients that participate in the APM Program are assessed a Program Fee that is payable to the sponsor of the APM Program. These fees are in addition to our management fee and custodial fees. The amount deducted from your account will include our fee, the Program Fee, and other fees that are generally payable to your account custodian.*

#### **APM1 Management Fee**

*Annual Fee .15%*

*(\$5 per trade if more than 50 trades in any given 12 month period)*

*Minimum Annual Program Fee \$150*

#### **APM2 Management Fee**

*Annual Fee .10% plus \$5 per trade*

*Minimum Annual Program Fee \$50*

- Language was amended in the "Item 16 Investment Discretion" section to disclose our discretionary investment management programs. The amended language reads as follows:

*With respect to our investment management services under the UMA/SMA and APM Programs, we require that you grant our firm discretionary authorization to buy, sell, exchange, convert or otherwise trade in mutual funds, exchange traded funds, and individual securities on your behalf without your prior approval. Within the APM Program, we shall also have discretionary authority to reallocate your portfolio to maintain adherence to the model portfolio(s) selected by you. Within the UMA/SMA Program, we will grant the active discretionary management of all or part of your investment account to one or more independent investment managers and/or investment management programs ("Independent Managers") based on your stated investment objectives. Discretionary authorization will permit the Independent Managers to buy, sell, exchange, convert or otherwise trade in any securities and to further delegate such discretionary authority to other Independent Managers.*

- Language was amended in the "Item 17 Voting Client Securities" section to disclose that we now vote proxies on behalf of our clients. The amended language reads as follows:

*With respect to our Adviser as Portfolio Manager Program (APM), we will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will*

*be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.*

*Except in the case of a conflict of interest as described below, we do not accept direction from you on voting a particular proxy.*

*Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.*

*We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.*

*If you participate in the SEI or UMA/SMA Programs, we will not vote proxies on behalf of your advisory accounts. With respect to the UMA/SMA Programs, unless you elect to receive proxies in the custodial documents, the applicable Investment Manager will vote proxies on your behalf. You will maintain all proxy voting authority and may elect to receive and vote proxies in lieu of the Investment Manager. In the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.*

## Table of Contents

Item 2 Summary of Material Changes	Page 2
Item 4 Advisory Business	Page 7
Item 5 Fees and Compensation	Page 9
Item 6 Performance-Based Fees and Side-By-Side Management	Page 12
Item 7 Types of Clients	Page 12
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 12
Item 9 Disciplinary Information	Page 14
Item 10 Other Financial Industry Activities and Affiliations	Page 14
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 14
Item 12 Brokerage Practices	Page 15
Item 13 Review of Accounts	Page 16
Item 14 Client Referrals and Other Compensation	Page 16
Item 15 Custody	Page 16
Item 16 Investment Discretion	Page 17
Item 17 Voting Client Securities	Page 17
Item 18 Financial Information	Page 18
Item 19 Requirements for State Registered Investment Advisers	Page 18
Item 20 Additional Information	Page 18

## **Item 4 Advisory Business**

### **Description of Services and Fees**

We are a registered investment adviser based in Miami, Florida. We are organized as a sub-Chapter S corporation under the laws of the State of Florida. We have been providing investment advisory services since 2009. Meg Green and Todd Battaglia are our principal owners. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Financial Planning Services**
- **Investment Management Services**

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our" and "us" refer to Meg Green & Associates, Inc. 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.

### **Financial Planning Services**

We offer broad-based and one-time consultative financial planning services. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

### **Investment Management Services**

We offer non-discretionary and discretionary investment management services as described below.

#### SEI Program

We may recommend that our clients allocate investment assets among the various mutual fund asset allocation models, underlying mutual funds, and/or independent investment manager programs offered through SEI Investments Company ("SEI"). SEI is a global asset management company and sponsor of its own proprietary mutual funds. SEI Trust Company, a subsidiary of SEI, serves as custodian for each SEI account, and provides each client with reporting services, including consolidated monthly statements, quarterly performance reports, and year-end tax reports. SEI enables investment advisers such as our firm to offer these programs that are not otherwise available to the general public. As part of its overall investment management program, SEI offers monthly rebalancing of each client's investment assets for the purpose of maintaining the assets in accordance with the client's previously



designated percentage (%) asset allocations for the SEI account. Our management services through SEI is offered on a non-discretionary basis; therefore, your approval must be obtained before transactions are executed on behalf of your account.

#### UMA/SMA Program

Through arrangements with third-party service providers, we have access to third-party investment models, third-party investment managers, mutual funds, exchange traded funds, portfolio maintenance tools and portfolio trade order processing services as needed to achieve your financial and investment objectives.

As part of these discretionary management services, we will assist you in selecting a third-party investment program in which to invest after gathering information about your financial situation and objectives. Once you have selected an investment program, we will be responsible for the continuous monitoring and ongoing management of your investment account based on the most recent statement of investment objectives you have provided us in writing.

We will grant the active discretionary management of all or part of your investment account to one or more independent investment managers and/or investment management programs ("Independent Managers") based on your stated investment objectives. Discretionary authorization will permit the Independent Managers to buy, sell, exchange, convert or otherwise trade in any securities and to further delegate such discretionary authority to other Independent Managers.

You will have the opportunity to place reasonable restrictions on the management of your account(s), or modify existing restrictions. You must provide these restrictions and/or modifications to us in writing.

#### Adviser as Portfolio Manager Program (APM)

Under this program, we will establish various model investment portfolios that consist of exchange traded funds, mutual funds, individual stocks, or a combination thereof (collectively "securities"). We will determine the universe of securities and asset allocations included in the model portfolios. Each model portfolio represents an asset allocation designed to accommodate a different investment objective. Based upon the written information provided in your statement of investment objectives, we will assist you in determining the suitability of the model portfolio(s) and in establishing an asset allocation policy. Thereafter, we will direct the allocation of your investments in accordance with the asset allocation policy and model(s) adopted by you. We shall have discretionary authority to reallocate your portfolio to maintain adherence to the model portfolio(s). We retain the absolute authority to and may change the relative allocations among the securities in the models. Such changes in the assets within a given model will generally be effected on a quarterly basis. You agree and acknowledge that there is no guarantee that following a strategic asset allocation strategy will produce favorable results.

#### **General - Advisory Services to Retirement Plans and Plan Participants**

We offer advisory services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan are described in the service agreement that you have previously signed. Our compensation for these services is described below, at Item 5, and also in the service agreement. We do not reasonably expect to receive any other compensation, direct or indirect, for the



services we provide to the Plan or Participants, unless the plan sponsor directs us to deduct our fee from the plan or directs the plan record-keeper to issue payment for our fee out of the plan. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

### **Status**

In providing services to the Plan and Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. In performing fiduciary services, we are acting either as a non-discretionary fiduciary of the Plan as defined in Section 3(21) under ERISA, or as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA.

### **Types of Investments**

We primarily recommend mutual funds and exchange traded funds; however, we may also offer advice on equity securities, warrants, corporate debt securities, certificates of deposit, municipal securities, U.S. Government securities, and interest in partnerships investing in real estate, oil, and gas interests.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

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, 2013, we manage \$199,387,897 in client assets on a non-discretionary basis and \$212,355,163 on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Financial Planning Services**

We charge a fixed fee for financial planning services, which generally ranges between \$2,500 to \$5,000. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives.

We require that you pay 50% of the fee in advance and the remaining portion upon the completion of the services rendered. We will not require prepayment of a fee more than six months in advance and in excess of \$1,200.

If you require advice on specific financial planning topics, we offer one-time consultative financial planning services. We charge an hourly fee of \$500 for financial planning services, which is negotiable depending on the scope and complexity of the plan, your situation, and your financial objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee. Fees are due in full at the conclusion of the services rendered.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

## Investment Management Services

Our annualized fees for the investment management services, subject to negotiation, are as follows\*:

Account Size	Annual Fee
First \$1 Million	1.00%
Next \$2 Million	0.75%
Next \$2 Million	0.50%
Over \$5 Million	0.25%

\*Older client relationships may be subject to different fee schedules.

Advisory fees charged by Independent Managers may be separate and apart from our advisory fees. The terms and conditions under which you engage the Independent Managers shall be set forth in a separate written agreement between you and the Independent Managers. You should review the recommended Independent Manager's brochure and take into consideration the Independent Manager's fees along with our fees to determine the total amount of fees associated with this program.

### SEI Program

The fees charged by SEI are exclusive of, and in addition to, our investment management fee. Fees paid by our clients to SEI are established and payable in accordance with the Form ADV Part 2 or other equivalent disclosure document provided to you by SEI. In addition to our investment management fee, the client, relative to all mutual fund purchases, shall also incur charges imposed at the mutual fund level ( e.g., management fees and other fund expenses).

### UMA/SMA Program

In addition to our management fee stated above and the fees charged by Independent Managers, clients participating in the UMA/SMA Program are responsible for paying program fees that cover the services provided by the account custodian for clearing and other third-party service providers for the performance of technology, research, administrative and trade implementation services. The program fees are as follows:

Account Size	Annual Fee*	
	<u>UMA/SMA</u>	<u>Fixed Income</u>
Up to \$250K	.45	.36
\$250K-500K	.30	.26
\$500K-1M	.28	.24
\$1M-2M	.24	.22
\$2M-5M	.23	.21
\$5M-10M	.20	.18
Above \$10M	.17	.13

*\*The fee tiers shown in the table detail the rate charged to assets in each tier, which are calculated to yield a total annualized fee. Discounted rates in higher tiers only apply to assets within the specified level and are not applied back to all assets. The total fee for any particular investment strategy will vary over time due to fluctuations in the asset level being invested.*

### Adviser as Portfolio Manager Program (APM)

There are two fee schedules available under the APM program, APM1 or APM2, and Program Fees as stated below.

**APM Program Fees:** Clients that participate in the APM Program are assessed a Program Fee that is payable to the sponsor of the APM Program. These fees are in addition to our management fee and custodial fees. The amount deducted from your account will include our fee, the Program Fee, and other fees that are generally payable to your account custodian.

**APM1 Management Fee**

Annual Fee .15%

(\$5 per trade if more than 50 trades in any given 12 month period)

Minimum Annual Program Fee \$150

**APM2 Management Fee**

Annual Fee .10% plus \$5 per trade

Minimum Annual Program Fee \$50

Our annual fee is billed and payable on a quarterly basis, either in advance or in arrears. Fees payable in advance are based on the value of your account on the last day of the previous quarter and fees payable in arrears are based on the value of your account on the last day of the quarter. The specific fee arrangement applicable to your account will be set forth in your investment management agreement with our firm.

You may terminate the investment advisory agreement by providing 5-days' written notice to our firm. The investment management fee will be prorated for the quarter in which the termination notice is given, which means that you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

**Additional Fees and Expenses**

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

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

Persons providing investment advice on behalf of our firm, who are registered representatives with Sterne Agee, an unaffiliated securities broker-dealer, may receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products in their capacities as registered representatives of Sterne Agee. Compensation earned by these persons in their capacities as registered representatives 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 registered representatives, may have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your investment needs. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

Persons providing investment advice on behalf of our firm, who are licensed as independent insurance agents, may 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, may have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your investment needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

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

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

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$2,500,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

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

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

- 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.

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

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.

The risk of market timing 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/business 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.

Long-term purchases may also be affected by unforeseen long-term changes in the company in which you are invested or in the overall market. Short term trading generally involves a greater degree of risk than long term trading due to market volatility over a short period of time.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

We will advise you on how to allocate your assets among various classes of securities or third party investment advisers. We will rely on investment model portfolios and strategies developed by the third party investment adviser. We may recommend replacing the third party investment adviser, if there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark.

### **Risk of Loss**

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

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

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend mutual funds and exchange traded funds; however, we may recommend other types of securities since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

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

### **Item 9 Disciplinary Information**

Neither our firm nor any of our associated persons has any reportable disciplinary information.

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

Representatives of our firm are 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. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

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

Persons providing investment advice on behalf of our firm are registered representatives with Sterne Agee, an unaffiliated securities broker-dealer. In addition, Sterne Agee is a registered investment adviser and some members of our firm are investment adviser representatives with Sterne Agee and conduct investment advisory activities through Sterne Agee in such capacity.

### **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.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Mallory Mangrum at 305-931-1400.



**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 eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

**Item 12 Brokerage Practices**

As part of our portfolio management services, we use third party management platforms. You are required to use the brokerage and custodial services of the firms with whom the third party manager has a relationship. We do not recommend broker/dealers or custodians for our portfolio management services.

Persons providing investment advice on behalf of our firm who are registered representatives of Sterne Agee are subject to applicable rules that restrict them from conducting securities transactions away from Sterne Agee unless Sterne Agee provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through Sterne Agee. It may be the case that Sterne Agee charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through Sterne Agee, these individuals (in their separate capacities as registered representatives of Sterne Agee) may earn commission-based compensation as result of placing the recommended securities transactions through Sterne Agee. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use Sterne Agee, we may not be able to accept your account. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

**Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

**Brokerage for Client Referrals**

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

**Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading") because we invest solely in mutual funds which do not trade in blocks.



## **Item 13 Review of Accounts**

### **Portfolio Management Reviews**

The individual advisory representatives assigned to your account will monitor your accounts on a continuous basis and will conduct account reviews at least semi-annually and upon your request to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your current investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

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

You will generally receive account statements directly from the account custodian(s) at least quarterly. In addition, we may mail a year-end portfolio report to each investment management client.

### **Financial Planning Reviews**

No automatic reviews or ongoing monitoring will occur unless specific arrangements are made in advance. Nor will any reports will be furnished to financial planning clients on a regularly scheduled basis.

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

As disclosed under the "Fees and Compensation" section in this Brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with Sterne Agee, an unaffiliated securities broker-dealer. For information on the conflicts of interest this presents, and how we address these conflicts, please 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.

## Item 16 Investment Discretion

With respect to our investment management services under the UMA/SMA and APM Programs, we require that you grant our firm discretionary authorization to buy, sell, exchange, convert or otherwise trade in mutual funds, exchange traded funds, and individual securities on your behalf without your prior approval. Within the APM Program, we shall also have discretionary authority to reallocate your portfolio to maintain adherence to the model portfolio(s) selected by you. Within the UMA/SMA Program, we will grant the active discretionary management of all or part of your investment account to one or more independent investment managers and/or investment management programs ("Independent Managers") based on your stated investment objectives. Discretionary authorization will permit the Independent Managers to buy, sell, exchange, convert or otherwise trade in any securities and to further delegate such discretionary authority to other Independent Managers.

Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. We will assume discretionary authority to hire and fire Independent Managers and/or reallocate your assets to other Independent Managers where we deem such action appropriate.

Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

## Item 17 Voting Client Securities

With respect to our Adviser as Portfolio Manager Program (APM), we will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

Except in the case of a conflict of interest as described below, we do not accept direction from you on voting a particular proxy.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

If you participate in the SEI or UMA/SMA Programs, we will not vote proxies on behalf of your advisory accounts. With respect to the UMA/SMA Programs, unless you elect to receive proxies in the custodial documents, the applicable Investment Manager will vote proxies on your behalf. You will maintain all proxy voting authority and may elect to receive and vote proxies in lieu of the Investment Manager. In

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

### **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

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

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

### **Item 20 Additional Information**

#### **Your Privacy**

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

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

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will never sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Mallory Mangrum at 305-931-1400, if you have any questions regarding this policy.

#### **Trade Errors**

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