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

This brochure provides information about the qualifications and business practices of SilverStone Asset Management, Inc. If you have any questions about its contents, please contact us at (402) 964-5400. This information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. SilverStone Asset Management, 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.

Additional information about SilverStone Asset Management, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, the CRD number, which for SilverStone Asset Management, Inc. is 164600.

## **Item 2 – Material Changes**

### **Summary of Material Changes**

Since our last annual update was filed in March 2014, we made the following material changes to this disclosure brochure:

- In May 2014, we added our business exit planning services to Items 4 and 5 of this disclosure brochure.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated at Item 1 above or you may request a copy by contacting SilverStone Asset Management, Inc. at (402) 964-5400.

We encourage you to read this document in its entirety.

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## **Item 4 – Advisory Business**

This document, offered by SilverStone Asset Management, Inc. (“SSAM”), discloses information about the investment advisory services we provide and the manner in which we provide them to you, the client.

We are a fee-based investment management and financial planning firm located in Omaha, Nebraska, specializing in proactive investment advisory and planning services for investors and retirement plans. SSAM was established in 2004 and became registered as an investment adviser in 2012. SSAM was established by SilverStone Holdings, Incorporated, the firm’s principal owner. John H. Nelson is the largest stakeholder in the entity SilverStone Holdings Incorporated.

We are committed to help build, manage, and preserve wealth, and to provide assistance to clients to help achieve their stated financial goals. We may offer an initial complimentary meeting; however, investment advisory services are initiated only after you execute a client agreement with us.

### **Asset Management Services**

We offer asset management services, which involve providing you with continuous and ongoing supervision over your specified accounts. In order to receive our asset management services, you must appoint SSAM as the investment adviser of record on the specified accounts that will receive our asset management services (collectively hereafter referred to as your “Account”). Your Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of your Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You have the ability to impose reasonable restrictions on the management of your Account, including the ability to instruct us not to purchase certain securities. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

## **Financial Planning Services**

We offer financial planning services, which involve preparing a written financial plan covering specific or multiple topics. Our financial planning services may include analysis of your situation and assistance in identifying and implementing appropriate techniques to help you meet your specific financial objectives. Such services may include a written financial analysis and specific or general investment and/or planning recommendations. We provide written financial plans, which typically address any or all of the six areas of financial planning established by the National Endowment for Financial Education and endorsed by the Certified Financial Planner Board of Standards. These include: 1) financial position; 2) protection planning; 3) investment planning; 4) income tax planning; 5) retirement planning; and 6) estate planning.

Other services that may be covered in the written financial plan include:

- Appropriate income strategies for both pre- and post-retirement;
- Review of existing and proposed asset allocation in light of your objectives. This would include a review of risk/return issues and a suggested plan of action consistent with the same;
- Calculation of your pre-retirement savings and investing needs;
- Assessment of your overall financial position including net worth, cash flow, and debt; e) analysis of IRA-related issues including rollover, distribution, and inheritance planning options;
- Evaluation of strategies designed to maximize the utilization and protection of your IRA assets;
- Overview and recommendations regarding estate planning issues;
- Review and determination of your life insurance needs;
- Suggestions for minimizing your federal and state income tax obligations; and
- Development of investment strategies consistent with your business ownership succession and transition planning.

## **Consulting Services**

We offer consultations in order to discuss financial planning issues when you do not need a written financial plan. Consulting services may be appropriate if you are seeking limited advice on one or more isolated areas of concern such as estate planning, real estate, retirement planning, insurance, annuities, non-securities matters, or any other specific topic.

We offer one-time consultations for the purpose of addressing a specific area or areas of concern related to investments or financial planning. We offer as-needed consultations, which are provided in response to a particular investment or financial planning issue raised or request made by you. Under an “as-needed” consultation, it will be incumbent upon you to identify those particular issues for which you are seeking our advice. In providing consulting services, we may provide portfolio review and advice for assets that are not part of our discretionary asset management services. Any portfolio review provided as part of our consulting services will be limited to a one-time or periodic review based on information provided to us by you.

## **General Disclosures Regarding Financial Planning and Consulting Services**

When providing financial planning and consulting services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives. There are important issues that may not be taken into consideration when your investment adviser representative develops his or her analysis and recommendations under a written financial plan. Written financial plans prepared by us do not typically include specific recommendations of individual securities.

Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that you would like to implement any of our investment recommendations through SSAM or retain SSAM to actively monitor and manage your investments, you must execute a separate written agreement with SSAM for our asset management services.

## **Third Party Manager Program (“TPM Program” or “TPM”)**

Selected Third Party Managers (“Managers”) are evaluated by SSAM for Client use. TPM services may include assisting you in identifying your investment objectives and matching personal and financial data with a select list of Managers that meet the TPM minimum quantitative and qualitative criteria. The intent of the Program is to have a selected list of high quality and recognizable third party investment management firms from which you select one or more Managers to handle the day-to-day management of the your account(s). Following recommendations by our Investment Adviser

Representatives, you will have final authority to select a Manager. The IAR may assist you in completing appropriate documents. Following selection of a Manager, SSAM will approve the appropriateness of such Manager.

Managers selected for your investments under TPM need to meet several quantitative and qualitative criteria established by SSAM. Among the criteria that may be considered are the manager's experience, assets under management, performance record, client retention, the level of client services provided, investment style, buy and sell disciplines, capitalization level, and the general investment process. Prior to selection, all Managers are interviewed by a member of the SSAM diligence committee. Each Client must have a profile that matches the Manager's stated objectives.

You are advised and should understand that:

- A Manager's past performance is no guarantee of future results;
- There is a certain market and/or interest rate risk which may adversely affect any Manager's objectives and strategies, and could cause a loss in a Client's account(s); and
- Client risk parameters or comparative index selections provided to SSAM are guidelines only and there is no guarantee that they will be met or not be exceeded.

All accounts are managed by the selected Manager and SSAM does not have any discretionary trading authority with respect to such accounts. Information collected by our firm regarding TPM Managers is believed to be reliable and accurate but SSAM does not necessarily independently review or verify it on all occasions. All performance reporting will be the responsibility of the respective Manager. Such performance reports will be provided directly to you and SSAM. SSAM does not audit or verify that these results are calculated on a uniform or consistent basis as provided by a Manager directly to SSAM or through the consulting service utilized by the Manager.

## **Retirement Plan Services**

We offer retirement plan services to retirement plan sponsors and to individual participants in retirement plans. Our retirement plan services are offered to ERISA plans and non-ERISA plans and to certain non-qualified retirement plans. For a corporate sponsor of a retirement plan, our retirement plan services can include, but are not limited to the services described below.

The following services may be provided to both ERISA and non-ERISA retirement plans. When provided to ERISA plans, these services are considered fiduciary services. The exact services provided to a client will be indicated in the Retirement Plan Services Agreement.

We provide the following Retirement Plan Consulting Services:

- Investment Policy Statement Preparation. We will help you develop an investment policy statement. The investment policy statement establishes the



investment policies and objectives for the Plan. You will have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.

- Non-Discretionary Investment Advice. We will provide you with general, non-discretionary investment advice regarding assets classes and investment options, consistent with your Plan's investment policy statement. We will not have investment discretion nor any authority to add or remove investment options or trade securities of the Plan. Client will determine whether or not to implement SSAM's advice. You will have the sole responsibility for the implementation of any of our advice.
- Investment Selection Services. We will provide you with recommendations of investment options for the retirement plan. If specified in your contract for retirement plan services, we may provide recommendations for the retirement plan that are intended to be consistent with ERISA section 404(c).
- Investment Due Diligence Review. We will provide you with periodic due diligence reviews of the Plan's reports, investment options and recommendations.
- Investment Monitoring. We will assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and we will make recommendations to maintain or remove and replace investment options.
- Default Investment Alternative Advice. We will provide you with non-discretionary investment advice to assist you with the development of qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election. You will retain the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).
- Individualized Participant Advice. Upon request, we will provide one-on-one advice to Plan participants regarding their individual situations.

For the Retirement Plan Consulting Services described above, all recommendations of investment options and portfolios will be submitted to you for your ultimate approval or rejection. The retirement plan sponsor client or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

Retirement Plan Consulting Services are not management services, and we do not serve as administrator or trustee of the retirement plan. We do not act as custodian for any

client account or have access to client funds or securities (with the exception of, for some accounts, having written authorization from the client to deduct our fees).

If the Retirement Plan Consulting Services are provided to a retirement plan that is governed by ERISA, then SSAM acknowledges that in performing the Retirement Plan Consulting Services listed above that it is acting as a “fiduciary” as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 (“ERISA”) for purposes of providing non-discretionary investment advice only. SSAM will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause SSAM to be a fiduciary as a matter of law. However, in providing the Retirement Plan Consulting Services, SSAM (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of a client’s retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of a client’s retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of a client’s retirement plan or the interpretation of a client’s retirement plan documents, (b) is not an “investment manager” as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the “Administrator” of a client’s retirement plan as defined in ERISA.

### *Other Advisory Services to Retirement Plans*

We also provide the following services to retirement plans. The services described below are not considered fiduciary services for the purposes of ERISA but are considered fiduciary services under the Investment Adviser Act of 1940. Basically, this means that for the services below we are considered a fiduciary under the Advisers Act and required to meet the fiduciary duties as defined by the Advisers Act, but are not considered a fiduciary for the purposes of ERISA as the term “fiduciary” is defined in Section 3(21)(A)(ii) of ERISA. The exact services provided to a client will be indicated in the Qualified Retirement Plan Agreement.

- Participant Education. We will provide education services to Plan participants about general investment principles and the investment alternatives available under the Plan. Our assistance in participant investment education will be consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.
- Participant Enrollment. We will assist you with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.

- Qualified Plan Development. We will assist you with the establishment of a qualified plan by working with you and a selected Third Party Administrator. If you have not already selected a Third Party Administrator, we will assist you with the review and selection of a Third Party Administrator for the Plan.
- Due Diligence Review. We will provide you with periodic due diligence reviews of your Plan's fees and expenses and your Plan's service providers.
- Benchmarking. We will provide you benchmarking services and will provide analysis concerning the operations of the Plan.

Securities and other types of investments all bear different types and levels of risk. Those risks are typically discussed with clients in defining the investment policies and objectives that will guide investment decisions for their qualified plan accounts. Upon request, as part of our retirement plan services, we can discuss those investments and investment strategies that we believe may tend to reduce these risks for a particular client's circumstances and plan participants.

Clients and plan participants must realize that obtaining higher rates of return on investments entails accepting higher levels of risk. Based upon discussions with the client, we will attempt to identify the balance of risks and rewards that is appropriate and comfortable for the client and other employees. It is still the clients' responsibility to ask questions if the client does not fully understand the risks associated with any investment. All plan participants are strongly encouraged to read prospectuses, when applicable, and ask questions prior to investing.

We strive to render our best judgment for clients. Still, we cannot assure that investments will be profitable or assure that no losses will occur in client portfolios. Past performance is an important consideration with respect to any investment or investment advisor, but it is not necessarily an accurate predictor of future performance.

To the extent that it is required by ERISA Regulation Section 2550.408b-2(c), we will disclose to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Retirement Plan Services Agreement and any compensation or fees received in connection with that Agreement that is required

for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

## **Business Exit Planning Services**

Through our investment adviser representative, Joe Hefflinger, we offer business exit planning consulting to owners of businesses, which primarily involves the preparation of an Exit Strategies Solutions<sup>TM</sup> Report for a business and the principal equity owners of such business. A business and its owner(s) can either engage us for a summary or comprehensive ESS Report that primarily covers the following: (1) the creation of a personal and customized value gap (based upon the business owner(s) personal needs); (2) an estimate range of value of the business; (3) potential structures of a business transition; (4) an estimated tax impact and “net” amount received from each payment; and (5) estimated income generated from net proceeds. Alternatively, a business and its owner(s) can retain us to provide a modular report that only covers one of the topics listed above.

Our business exit planning services do not involve implementing a transaction to sell a client’s business, and our business exit planning services are not a substitute for retaining an attorney, accountant and appraiser for legal, accounting, tax and/or business valuation advice. Mr. Hefflinger is a member of Pinnacle Equity Solutions, which is a national organization that provides training and support to professionals who assist business owners with the transition of their privately-held businesses. Many of the tools and reports utilized by Mr. Hefflinger when providing business exit planning services through SAM have been prepared by Pinnacle Equity Solutions.

## **Tailor Advisory Services to Individual Needs of Clients**

Our advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

## **No Wrap Fee Programs**

We do not participate in wrap fees programs in our portfolio services.

## Client Assets Under Management

As of the fiscal year end December 31, 2013 we have a total of \$365,936,964 of assets under management. \$84,611,710 of these assets are managed on a discretionary basis and \$281,325,254 of these assets are managed on a non-discretionary basis.

## Item 5 – Fees and Compensation

### Asset Management Fees and Compensation

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the average daily balance of your Account during the quarterly billing period. The annual fee is applied to the total account value on a prorated basis and the fee is prorated based on the number of days service is provided during each billing period. If asset management services are commenced in the middle of a quarter, then the prorated fee for that quarter will be billed in arrears at the end of that quarter. At our discretion, we may aggregate total assets under management for your household to determine the rate of the annual fee charged for asset management services. The asset management services continue until terminated by either party (i.e., SSAM or you) by giving thirty (30) days advance written notice to the other party.

Fees charged for our asset management services are negotiable based on the type of client, the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the potential for additional account deposits, the relationship of the client with the investment adviser representative, the total amount of assets under management for the client, and other reasons that may be agreed upon.

Following is the maximum fee schedule for our asset management services:

<u>Amount of Assets Under Management</u>	<u>Rate of Annual Fee</u>
\$0 - \$499,999	1.50%
\$500,000 - \$999,999	1.25%
\$1,000,000 - \$1,999,999	1.00%
\$2,000,000 and above	0.75%

A minimum of \$250,000 is required to open and maintain an account for asset management services. We may waive account minimums at our sole discretion.

Fees charged for our asset management services are not based on the capital gains or capital appreciation of your Account. We believe that our annual fee is reasonable in relation to: (1) the services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual fee may be higher than that charged by other investment advisers offering similar services/programs. In addition

to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

You may provide written authorization permitting fees to be paid directly from your Account held by the independent qualified custodian. If you have provided such authorization, the custodian holding your cash and securities will debit your Account directly and pay the fee for our asset management services to us. The custodian will deliver directly to you an account statement at least quarterly indicating all the amounts deducted from your Account including our fees for asset management services. In limited circumstances, we may bill you directly for our asset management fee. In this case, the payment is due upon receipt of the billing invoice.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. SSAM does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than SSAM in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by SSAM are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

### **Administrative Services Provided by ORION Advisor Services, LLC**

We have contracted with ORION Advisor Services, LLC (referred to as "ORION") to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, ORION will have access to client accounts, but ORION will not serve as an investment advisor to our clients. SSAM and ORION are non-affiliated companies. ORION charges our firm an annual fee for each account administered by ORION. The annual fee is paid from the portion of the management fee retained by SSAM.

### **Financial Planning & Consulting Fees**

Fees charged for our financial planning and consulting services are negotiable based upon the type of client, the services requested, the investment adviser representative providing advice, the complexity of a client's financial situation, the composition of a client's accounts, whether we are providing other advisory services to the client, and the relationship of the client and the investment adviser representative.

## **Fees for Financial Planning & Consulting Services**

We provide financial planning services and consulting services under both hourly and fixed fee arrangements. If financial planning services or consulting services are provided on an hourly basis, we charge a fee in the range of \$150 to \$500 per hour. Hourly rates typically vary depending upon the investment adviser representative working with Client. Before commencing services, we provide an estimate of the approximate number of hours needed to complete the requested financial planning services or the requested consulting services. If we anticipate exceeding the estimated time required, we will contact you to receive authorization to provide additional services. At the time you execute the agreement for services, you will be asked to pay a mutually agreed upon retainer that will be available for us to bill hourly fees against for our financial planning services and/or consulting services; however, under no circumstances will we require you to pay fees more than \$1,200 more than six months in advance. Any unpaid hourly fees are due immediately upon completion and delivery of the financial plan.

If financial planning services or consulting services are provided on a fixed fee basis, a mutually agreed upon fixed fee is charged for the services provided. The fixed fee is generally not more than \$5,000. The amount of the fixed fee for your financial planning services and/or your consulting services will be specified in your services agreement. At the time you execute an agreement for financial planning and/or consulting services, at our sole discretion, you may be required to pay all or a portion of the fixed fee in advance of services being provided; however, at no time will we require payment of more than \$1,200 in fees more than six months in advance. Any unpaid portion of the fixed fee is due immediately upon completion and delivery of the financial plan or upon completion of the requested consulting services.

If you elect to implement the recommendations provided via our financial planning or consulting services through our other investment advisory programs (such as the asset management services), we may waive or reduce a portion of the investment advisory fees for such investment advisory program. Any reduction will be at our discretion and disclosed to you prior to contracting for additional investment advisory services. If you elect to have an investment adviser representative of SSAM implement the recommendations in his or her separate capacity as a registered representative of a securities broker-dealer, SSAM at its discretion may waive or reduce its investment advisory fee by the amount of the commissions received by the investment adviser representative in the separate capacity as a registered representative. In such cases, any reduction of the investment advisory fee will not exceed 100% of the commission received.

The financial planning services terminate upon delivery of the written financial plan or upon either party providing the other party with written notice of termination. The consulting services terminate upon completion of the requested consulting services or upon either party providing the other party with written notice of termination.

If you terminate the financial planning services or the consulting services after entering into an agreement with us, you will be responsible for immediate payment of any services performed by us prior to our receipt of your notice of termination. For services performed by us under an hourly arrangement, you will pay us hourly fees for services provided prior to our receipt of your notice of termination. For services performed by us under a fixed fee arrangement, you will pay us a pro-rated fixed fee equivalent to the percentage of work completed by us as determined by us. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, we will refund those remaining proceeds to you.

## **Other Fee Terms for Financial Planning & Consulting Services**

You may pay the investment advisory fees owed for the financial planning services or the consulting services by submitting payment directly (for example, by check) or by having the fee deducted from an existing investment account. If you elect to pay by automatic deduction from an existing investment account, you will provide written authorization for such charges. You should notify SSAM within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

To the extent that we engage an outside professional (i.e. attorney, independent investment adviser or accountant) while providing financial planning and consulting services to you, we will be responsible for the payment of the fees for the services of such an outside professional, and you will not be required to reimburse us for such payments. To the extent that you personally engage an outside professional, you will be responsible for the payment of the fees for the services of such an outside professional and we will not be required to reimburse you for such payments. In other words, fees for the services of an outside professional (i.e. attorney, independent investment adviser or accountant) will be in addition to and separate from the fees charged by us. In no event will we engage the services of an outside professional on your behalf without your express approval.

It should be noted that our fees may be higher than those charged by other investment advisers offering similar services/programs. All fees paid to us for financial planning and consulting services are separate and distinct from the commissions, fees and expenses charged by insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by you. If you sell or liquidate certain existing securities positions to acquire any insurance, you may also incur a commission and/or deferred sales charges in addition to the financial planning and consulting fees paid to us and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance and/or annuities.

All fees paid to us for financial planning and consulting services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual fund's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee (known as 12(b)-1 fees). If the mutual fund also imposes sales charges, you may pay an initial or



deferred sales charge. If you retain us to implement the recommendations provided under this Agreement, we may recommend load or no-load mutual funds that charge 12(b)-1 fees. If we implement transactions for mutual funds that charge 12(b)-1 fees, neither SSAM or an investment adviser representative of SSAM will receive the 12(b)-1 fees; however, 12(b)-1 fees charged to you may be retained by the account custodian.

All fees paid to us for financial planning and consulting services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment advisor to implement such recommendations.

### **Third Party Management (“TPM Program” or “TPM”) Fees**

Fees and billing methods are outlined in each respective Manager’s Brochure and Advisory Contract. SSAM will be paid an on-going fee by the Manager based upon a percentage of your assets under management with respect to each Manager. You will receive a copy of our agreement with the TPM which will disclose all fees. SSAM negotiates its solicitor fee with each Manager.

SSAM has a potential conflict of interest to recommend selections of management style and Managers that would result in higher advisory fees paid to SSAM. However, SSAM will make all recommendations independent of such fee consideration and based solely on its obligations to consider your objectives and needs.

The minimum account size for participating in a TPM Program will vary from Manager to Manager. All such minimums will be disclosed in the respective Manager’s Brochure. SSAM may have the ability to negotiate such minimums for you.

You may terminate your relationship in accordance with the respective Managers’ disclosure documents. If you terminate your participation in the Program within five business days of inception, you will receive a full refund of the fee. Pre-paid fees will be refunded in accordance with the respective Manager’s agreement and disclosure documents.

A Manager relationship may be terminated at your or your IAR’s discretion. SSAM may at any time terminate the relationship with a Manager that manages your assets. SSAM will notify you of instances where we have terminated a relationship with any Manager you are investing with. SSAM will not conduct on-going supervisory reviews of the Manager following such termination.

Factors involved in the termination of a Manager may include a failure to adhere to their stated management style or your objectives, a material change in the professional staff of the Manager, unexplained poor performance, unexplained inconsistency of account performance, or our decision to no longer include the Manager on our list of approved Managers.

## **Fees for Retirement Plan Services**

For retirement plan sponsor clients, we charge an annual fee that is determined based upon the complexity of the plan, the size of the plan assets, the actual services requested and the potential for additional deposits. Our annual fee for retirement plan services may be a fixed fee or a percentage based fee. Annual fixed fees will be billed in equal installments at the end of each billing period on either a quarterly or annual basis. Annual fixed fee rates generally range from \$500 to \$100,000. Annual percentage based fees are calculated as a percentage of the total market value of the plan assets and may be charged in advance or in arrears (at the end of the billing period). Percentage based fees will not exceed an annual rate of 1.00%. Percentage based fees charged in advance are calculated based on the fair market value of the Plan assets as of the last day of the prior billing period. Percentage based fees charged in arrears are calculated based on the average daily balance of the Plan during the subject billing period. Annual percentage based fees may be billed monthly, quarterly, semi-annually, or annually.

Fees are prorated (based on the number of days service is provided during the initial billing period), including for an account opened at any time other than the beginning of the billing period. At no time will we require payment of more than \$1,200 in fees more than six months in advance.

Clients can elect to have the fee deducted from their account or billed directly and due upon receipt of the billing notice. We can also accommodate fee arrangements where certain services are paid via fee deduction and other services are directly billed. If clients elect to have the fee automatically deducted from an existing account, they are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to us. We will provide the custodian with a fee notification statement.

Either party may terminate the services upon providing the other party with sixty (60) days advance written notice of termination. There is no penalty or “termination fee” for the termination of services. If services are terminated within five business days of executing an agreement for services, services will be terminated without penalty. If terminated after the initial five business days, you will be responsible for payment of fees for services completed prior to termination of services. If services are terminated mid-period, a prorated fee is charged based on the number of days that services were provided during that period. If you have paid our fee in advance, we will promptly issue a prorated refund to you. Upon termination of the agreement, we will have no obligation to recommend or take any action with regard to the Plan.

We believe that our annual fee is reasonable in relation to: (1) the services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our fee, clients will incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses) and charges imposed by the Plan custodian and Third-Party Administrator (if applicable).

Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client by the custodian. We will not receive any portion of such brokerage commissions or transaction fees. In addition, you may incur certain charges imposed by third parties other than us in connection with investments made through the Plan, including but not limited to, 12(b)-1 fees, surrender charges, and qualified retirement plan fees. Service fees charged by us are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to the Plan and Plan participants. A description of these fees and expenses are available in each investment company security's prospectus.

Generally, we will not receive any 12b-1 fees paid by advisory clients but if the client is allocated to any mutual funds that pay 12b-1 fees, the account custodian may retain such 12b-1 fees. If the event that SSAM were to receive 12b-1 fees from certain mutual fund companies for mutual fund purchases made by participants of the Plan, any such 12b-1 fees received by SSAM will be offset against our stated fee. Any fee offset will be detailed on the invoice we send you. The invoice will detail the amount of the fee offset, the payer of the 12b-1 fee, and the services rendered for the 12b-1 fee.

SSAM does not reasonably expect to receive any other compensation, direct or indirect, for its Services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

## **Fees for Business Exit Planning Services**

We provide business exit planning services under a fixed fee arrangement whereby a mutually agreed upon fixed fee is charged for the services provided. For our summary version of the Exit Strategies Solutions Report, the fixed fee is generally \$3,000 to \$5,000; for our comprehensive version of the Exit Strategies Solutions Report, the fixed fee is generally \$15,000 to \$18,000; and for a modular/single topic under the comprehensive version of the Exit Strategies Solutions Report, our fixed fee is generally \$3,000 to \$4,000. The fixed fee depends upon the size of the company, complexity of the business structure, number of owners and scope of the report. The amount of the fixed fee for agreed upon report will be specified in your business exit planning services agreement with us. At the time you execute an agreement for our business exit planning services, you will be required to pay 50% percent of the fixed fee in advance of services being provided (unless you have pre-existing client relationship with SSAM or its affiliates or the revenues of the client's business are greater than \$10 million); however, at no time will we require payment of more than \$1,200 in fees more than six months in advance. Any unpaid portion of the fixed fee is due immediately upon completion and delivery of the requested report. Our business exit planning services do not include implementing recommended solutions.

The business exit planning services terminate upon delivery of the written report or upon either party providing the other party with written notice of termination. If you terminate

the business exit planning services after entering into an agreement with us, you will be responsible for immediate payment of any services performed by us prior to our receipt of your notice of termination. You will pay us a pro-rated fixed fee equivalent to the percentage of work completed by us as determined by us. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, we will refund those remaining proceeds to you.

## **Item 6 – Performance Based Fees and Side by Side Management**

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed above in Fees and Compensation.

## **Item 7 – Types of Clients**

We provide investment advice to individuals, high net worth individuals, pension plans, foundations, non-profit organizations, charitable organizations, trusts, corporations and other legal entities. A minimum of \$250,000 is required to open and maintain an account. We may waive account minimums at our sole discretion.

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

We utilize primarily fundamental analysis. We gather our information from a broad array of financial resources including financial publications, magazines, research prepared by third-parties, corporate rating services, company press releases, annual reports, prospectuses and filings with the Securities and Exchange Commission.

We determine how to allocate assets among the various asset classes based upon the investment strategy chosen, prevailing economic conditions and our determination of where we are in the economic cycle. Potential risks and opportunities are part of several factors used in determining portfolio composition.

From time-to-time, market conditions may cause your account to vary from the established allocation. Our portfolios will be monitored to check that the allocation remains consistent. We aim to minimize portfolio turnover, however, this does not imply we will not keep a vigilant eye on the investments and make changes when necessary. To remain consistent with the asset allocation guidelines established, your account is monitored on an ongoing basis and rebalanced as necessary to the original allocation, or if deemed beneficial, to a new allocation based on the then prevailing economic conditions and within the guidelines of the chosen investment strategy. We reserve the

right to substitute holdings within an asset class at any time if a better alternative arises and it maintains the same style of investment and maintains the integrity of the portfolio.

In addition to the annual rebalancing, overall market conditions, as well as macro and/or microeconomic factors that affect specific holdings in your account may trigger changes in allocation. Your account may also receive informal reviews more frequently.

## **Investment Philosophy**

Our investment philosophy keeps us focused on our client's long term goals. We strongly believe in fundamental value investing. We avoid day trading and/or market speculation. We do, however, acknowledge the cyclical nature of the securities markets and take measures to minimize downside risk.

Using history as our guide to the future, we are not interested in fads or short term performance. Over the course of many decades the market consistently has yielded positive returns. It is our goal to reduce risk while maintaining known client investment objectives. We have faith that the consumer will remain resilient, regardless of economic conditions. We enhance our portfolios with consumer staples and value equities to reduce overall portfolio volatility. We believe there is a false notion that risk is perfectly correlated with return. Although there is correlation, it is not perfect; it is possible to have higher returns with less risk. One way we measure this is using an industry standard equation known as the Sharpe Ratio, or excess return over standard deviation.

We search for low cost investments, low turnover, and tend to prefer passive and enhanced indexing rather than active management. While we admit that from time to time, there are a few investors that will "beat" the market; we do not feel that this is systematically possible on a long term basis.

## **Investment Strategies**

Our models will be based on an ordinal scale of risk, "Conservative" using the least amount of risk and "Aggressive" incorporating the highest level of risk. The ordinal scale merely implies that the next level is more risky than the previous; however, two levels on this scale may not be twice the risk. Conservative, or the lowest level of risk, does NOT imply there is NO risk; rather there is the least amount of relative risk according to our scale.

The models will be based upon a range of different exposures to investments. The most "Aggressive" model would be allocated primarily to equities and the most "Conservative" model would be allocated primarily to fixed income. This does not necessarily mean that our most "Aggressive" model will be 100% allocated to equities, however, according to our scale, that would be defined as the most "Aggressive," and vice versa. This scale does not measure risk associated with alternative strategies, derivatives, private investments, or any other investment not described by equity or fixed income. Although we will use only equity or fixed income to measure risk on our scale,

we in no way limit ourselves to only investing in equity or fixed income. Rather, the core investment will be based on the aforementioned scale, and other investments will be incorporated as deemed appropriate. All investments will be assessed for each client on an individual basis for appropriateness.

We may use sub-advisers who specialize in a particular investment vehicle or style. Any sub-advisors associated with SSAM will maintain our investment philosophy. They will operate within the percentage allocation of risk deemed appropriate for the portfolio. SSAM will be responsible for ensuring any sub-advisor does not deviate from the proposed model. This would not change the allocations of risk, based upon our ordinal scale.

When developing our portfolios, we may use any of the following types of investment vehicles:

### **Exchange Traded Funds (ETFs)**

ETFs are low-cost, efficient investment vehicles that allow clients to deposit assets into a basket of stocks that represent a similar theme, which can then be traded much like a stock on an exchange. ETFs experience price changes throughout the day as they are bought and sold. These unmanaged tools allow investors to take advantage of the efficiencies of the market in a diversified and reasonably priced manner.

### **Mutual Funds**

A mutual fund is an investment tool comprised of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets. One of the main advantages of mutual funds is that they give small investors access to professionally managed, diversified portfolios of equities, bonds and other securities, which would be quite difficult (if not impossible) to create with a small amount of capital. Each shareholder participates proportionally in the gain or loss of a selected fund based on his or her personal level of risk.

### **Fixed Income**

Fixed income investments (such as Bonds or Bonds Mutual Funds) are forms of debt in which investors “loan” money to a company, municipality or entity. Inserting fixed income into a client’s account can help reduce market risk as well as help generate “yield” or “income” in his or her portfolio.

### **Stocks**

A stock represents a fractional ownership in a corporation. Individual stock offerings can and will appreciate or depreciate in value based on the earnings of the company. Oftentimes, our clients own shares of individual stocks in companies they are employed by or have a personal interest in.

### **Alternative Investments**

An alternative investment is one that is not among the three traditional asset types (stocks, bonds and cash). Alternative investments include hedge funds, managed futures, REITS, commodities and derivatives contracts. Alternative investments are favored mainly because their returns have a low correlation with those of standard asset classes. Embedding a portion of our clients' portfolios into alternative investments can help minimize normal market instability.

### **Options-Based Strategies**

Options can be used to hedge against market volatility and/or protect current and future income. Options can also be utilized to protect a client's portfolio when they are exposed to a concentrated stock position.

### **Limited Partnerships**

Limited partnerships allow approved and accredited investors to participate in more advanced (and sometimes diversified) types of investments. A portion of client's funds will be deployed into limited partnerships if/when appropriate or mutually agreed upon. We can also help clients manage existing limited partnership investments.

## **Third-Party Money Manager Analysis**

We examine the experience, expertise, investment philosophies and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

## **Risks**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, SSAM is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through SSAM.

You should be aware that your account is subject to the following risks:

- Stock Market Risk – The value of securities in the portfolio will fluctuate and, as a result, the value may decline suddenly or over a sustained period of time.
- Managed Portfolio Risk – The manager's investment strategies or choice of specific securities may be unsuccessful and may cause the portfolio to incur losses.
- Industry Risk – The portfolio's investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact your portfolio. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.
- Non-U.S. Securities Risk – Non-U.S. securities are subject to the risks of foreign currency fluctuations, generally higher volatility and lower liquidity than U.S. securities, less developed securities markets and economic systems and political and economic instability.
- Emerging Markets Risk – To the extent that your portfolio invests in issuers located in emerging markets, the risk may be heightened by political changes and changes in taxation or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- Currency Risk – The value of your portfolio's investments may fall as a result of changes in exchange rates.
- Interest Rate Risk – The value of fixed income securities rises or falls based on the underlying interest rate environment. If rates rise, the value of most fixed income securities could go down.
- Credit Risk – Most fixed income instruments are dependent on the underlying credit of the issuer. If we are wrong about the underlying financial strength of an issuer, we may purchase securities where the issuer is unable to meet its obligations. If this happens, your portfolio could sustain an unrealized or realized loss.
- Inflation Risk – Most fixed income instruments will sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.
- ETF and Mutual Fund Risk – When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects



- the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with us varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
  - Options Risk - Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

## **Item 9 – Disciplinary Information**

This item is not applicable to this brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's or prospective client's evaluation of this business or the integrity of its management.

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

### **Other Business Activities**

#### *SilverStone Group*

SilverStone Group, Inc. (“SSGI”) and SSAM are separate companies, but affiliated by ownership and control. SSGI is a full-service, resource management organization offering customized services to meet business and private clients’ specific needs. SSGI is licensed with the department of insurance in various states as an agency. SSGI provides a range of integrated services that protect and enhance the organizational and financial well-being of its clients. SSGI’s core services include Risk Management, Employee Benefits, Private Client Services & Consulting Services. Within Risk Management, SSGI identifies and transfers risks and finds ways to manage and reduce such risk. Employee Benefits goal is to provide clients with alternative and cost effective plan design that meet their entity objectives and criteria for benefit administration and communication. These services include the management of group health and welfare plans, as well as retirement benefit programs. Private Client Services provides assistance with wealth preservation and estate planning challenges. The estate planning professionals develop innovative strategies designed to help supplement and protect income, reduce taxes and preserve and grow your assets for future generations. The Human Resource Consulting Services area provides expertise in organizational development issues, from leadership development and executive coaching to compensation plan design and compliance reviews.

Associated persons of SSAM spend of portion of their time providing services through SSGI as described above. In addition, IARs of SSAM are also licensed insurance agents and may sell various insurance products. As a result, certain associated persons may receive compensation for the activities through SSGI and as insurance agents.

## *Broker Dealer*

SSAM is not a broker/dealer, but our IARs are registered representatives of M Holdings Securities, Inc. (“MHS”), a full service broker-dealer, member FINRA/SIPC, which compensates them for effecting securities transactions. When placing securities transactions through MHS in their capacity as registered representatives, they may earn sales commissions. Because the IARs are dually registered agents of MHS and SSAM, MHS has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3040. MHS and SSAM are not affiliated companies. IARs of SSAM spend a portion their time in connection with broker/dealer activities.

As a broker-dealer, MHS engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by SSAM or its IARs, investments in securities may be recommended for clients. If MHS is selected as the broker-dealer, MHS and its registered representatives, including IARs of SSAM, may receive commissions for executing securities transactions. When IARs of SSAM receive commissions in connection with the advice given to advisory clients, SSAM may reduce a portion of its fees by the amount of the commissions earned by SSAM IARs.

You are advised that if MHS is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you are under no obligation to purchase securities through IARs of SSAM or MHS.

SSAM may provide advice regarding investment company securities. You should be aware that, in addition to the advisory fees you pay in connection with any SSAM program, each investment company also pays its own separate investment advisory fees and other expenses. Such fees and expenses are disclosed in the mutual fund’s prospectus. In addition, clients should be aware that mutual funds may be purchased separately, independent of the investment management services of SSAM.

Moreover, you should note that under the rules and regulations of FINRA, MHS has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require MHS to coordinate with, and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than MHS. Accordingly, MHS may limit the use of certain custodial and brokerage arrangements available to clients of SSAM and MHS may collect as paying agent of SSAM the investment advisory fee remitted to SSAM by the account custodian.

IARs of SSAM may, in their capacity as registered representatives of MHS, or as agents appointed with various life, disability or other insurance companies, receive commissions, 12(b)-1 fees, trails, or other compensation from the respective product sponsors and/or as a result of effecting securities transactions for clients. As previously noted, when commissions or fees are received by SSAM or its IARs in connection with

the advice given to advisory clients, SSAM may, but is not obligated to, reduce its fee proportionate to the amount of the commission or fee earned by SSAM or its IARs. However, clients should note that they are under no obligation to purchase any investment products through SSAM or its IAR.

Certain associated persons of SSAM own less than 1% of MHS which is privately traded. In their role as investment adviser representatives with SSAM and registered representative of MHS, investment adviser representatives with SSAM will always provide best execution for clients under every circumstance.

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

We do not, as principal, buy securities for our own accounts from any client or sell securities we own to any client or as broker or agent effect securities transactions for compensation for any client. SSAM and persons associated with us are allowed to invest for their own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any potential conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information and other situations where there is a possibility for conflicts of interest.

The Code of Ethics is designed to protect our clients by deterring misconduct, educate personnel regarding the firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of SSAM, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the firm's ethical principles.

### ***Affiliate and Employee Personal Securities Transactions Disclosure***

SSAM or its IARs may buy or sell securities or have an interest or position in their personal account in a security that they also recommend to clients. We are and shall continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations may represent a potential conflict of interest, it is our policy that no IAR shall prefer his or her own interest to that of the advisory client. Our personal transactions are monitored to ensure that our personal transactions do not present any conflict of interest with the transactions that are completed for clients.

All advisory personnel are required to report to the Firm's Chief Compliance Officer initial and annual holdings and quarterly transactions in reportable securities, as defined in the Code and the Chief Compliance Officer is responsible for reviewing such reports. The Code also sets forth general standards of conduct and practices to be followed by all personnel to minimize conflicts of interest, including restrictions on gifts to or from brokers, clients and others, restrictions on service on the boards of other companies, restrictions on participation in investment clubs and policies designed to prevent personal trading conflicts. In addition, the Code (including the Firm's Insider Trading Policy Statement) includes provisions designed to prevent and enforce the Firm's strict policy against the misuse of material non-public information by all personnel. The Firm's Chief Compliance Officer is responsible for the oversight and administration of the Code.

All associated persons sign a letter of acknowledgment that they have read the Personal Trading Policy, fully understand it and will abide by it at all times while under the employ of SSAM.

Additionally, we have established the following restrictions in order to ensure our firm's fiduciary responsibilities and mitigate any conflicts of interest:

1. A director, officer or employee of SSAM shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No director, officer or employee of SSAM shall prefer his or her own interest to that of the advisory client.
2. We maintain a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of SSAM.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
4. We emphasize the unrestricted right of the client to select and choose any broker-dealer (except in situations where we are granted discretionary authority) he or she wishes.
5. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. Any individual not in observance of the above may be subject to termination.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; attn: Chief Compliance Officer.

## **Item 12 – Brokerage Practices**

We participate in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD

Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program. (Please see the disclosure under Client Referrals and Other Compensation below.)

In the event you request us to recommend a broker/dealer custodian for execution and/or custodial services, we generally recommend your account to be maintained at TD Ameritrade. We may recommend that you establish accounts with TD Ameritrade to maintain custody of your assets and to effect trades for your accounts. You are under no obligation to act upon any recommendations, and if you elect to act upon any recommendations, you are under no obligation to place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

We do not select or recommend broker/dealers based upon receiving client referrals from a broker/dealer or third party. Additionally, we typically do not permit you to direct brokerage.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. We may use broker-dealers other than your custodian to execute trades for your account, but this practice may result in additional costs to you so that we are more likely to place trades through your custodian rather than other broker-dealers. Your custodian's execution quality may be different than other broker-dealers.

Additionally, we have outsourced our back-office tasks to ORION. These include tasks of daily database reconciliation, statement generation and delivery, and advisory fee billing. ORION's system will provide us with customized reporting, GIPS-compliant composites, trade upload creation and pending trade follow-up for us to provide maintenance activities for your account.

### *Additional Services Agreement*

SSAM receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in TD Ameritrade's Institutional program. Specifically, the Additional Services include TD Ameritrade making available to SSAM the portfolio account services provided by ORION. This is an annual economic benefit of approximately \$25,000 to \$100,000 a year. Please refer to Item 4 of this brochure for details of the services provided by ORION.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker-dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our investment advisory agreement with you for which trades are being aggregated;
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation;
6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for the difference of allocation is explained in writing and is approved by our compliance officer. Our books and records will separately reflect, for each client account, the orders which aggregated, the securities held by, and bought for that account;
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
8. Individual advice and treatment will be accorded to each advisory client.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

## **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by SSAM. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible

for all clients to retain the gain. We may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons). We will never benefit or profit from trade errors.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

#### *Asset Management Services Reviews*

The accounts receiving asset management services are regularly monitored. These reviews will be made by each Investment Adviser Representative in addition to an Analyst and Chief Compliance Officer. An annual review is usually conducted in person or by telephone.

The purpose of all these reviews is to ensure that the investment plan continues to be implemented in a manner which matches your objectives and risk tolerances. More frequent reviews may be triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment. You are urged to notify us of any changes in your personal circumstances.

#### *Retirement Plan Services Reviews*

Retirement plan services arrangements with SSAM are periodically reviewed. These periodic reviews will be conducted by an Investment Adviser Representative in addition to a Qualified Plan Investment ("QPI") Consultant and the Chief Compliance Officer.

A review of the Retirement Plan Services Agreements and other required paperwork will be conducted to ensure that all information collected from the client is on file and that it is complete.

On a periodic basis but no less than annually, the Retirement Plan Services Agreements and any Investment Policy Statement ("IPS") will be reviewed to ensure they are complete; that fees agreed upon meet SSAM's requirements; that the description of the services to be provided is clearly stated and, if applicable, that services provided are appropriate to be documented as a Qualified Plan arrangement. Additionally, a review of the client files will be completed to ensure that information leading up to any recommendations is appropriate and on file; and that evidence is on file to verify that the specific services in the agreement have been satisfied. The plan, or other work product, will be reviewed to ensure that it was either generated from an approved analytic tool, or, if it was not generated from an approved planning tool, that the content is not exaggerated, misleading, or otherwise meets SSAM's and SEC guidelines.

## *No Account Reviews for Financial Planning and Consulting Services*

Our financial planning and consulting services do not include monitoring the investments of your account(s), and therefore, there is no ongoing review of your account(s) under such services.

## **Statements and Reports**

Through an agreement with ORION Advisor Services, Inc., SSAM will have the ability to provide clients with Performance/Position summary reports upon request. Reports may also be provided at every client meeting. Communication to clients will be done on an as needed basis with a minimum of 1 contact per calendar quarter.

The custodian for the individual client's account, TD Ameritrade, will also provide clients with an account statement at least quarterly.

**You are urged to compare the reports provided by SSAM against the account statements you receive directly from your account custodian.**

Financial Planning/Consulting clients (i.e. those who have no assets under management with us in our advisory program) will receive no regular reports from SSAM.

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

As disclosed under Brokerage Practices, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are



intended to help us manage and further develop our business enterprise. The benefits received by SSAM or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by SSAM or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

IARs endeavor at all times to put the interest of our clients first as a part of their fiduciary duty. However, you should be aware that the receipt of additional compensation through expense reimbursements creates a conflict of interest that may impact the judgment of the IARs when making advisory recommendations.

We have established relationships with other investment advisors through which we act as a solicitor referring you to the other investment advisor's management programs. When acting in this solicitor/referral capacity, we will receive a portion of the fee paid to the other investment advisors by you.

## **Item 15 - Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

SSAM is deemed to have custody of client funds and securities whenever SSAM is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody SSAM will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which SSAM is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and

therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from SSAM. When clients have questions about their account statements, they should contact SSAM or the qualified custodian preparing the statement.

When fees are deducted from an account, for retirement plan accounts SSAM is responsible for calculating the fee and delivering instructions to the custodian. At the same time SSAM instructs the custodian to deduct fees from the client's account, SSAM will send the client an invoice itemizing the fee. Itemization shall include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee. For non-retirement plan accounts, SSAM contract with ORION to do the fee calculation and to provide fee billing instructions to the custodian.

## **Item 16 – Investment Discretion**

Prior to engaging SSAM to provide investment advisory services, clients enter into a written agreement with SSAM granting the firm the authority to supervise and direct on an on-going basis investments in accordance with the client's investment objective and guidelines. Clients will also execute any and all documents required by the Custodian so as to authorize and enable SSAM, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your account. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any investment company registered under the Investment Company Act of 1940 and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such authority will be communicated by you to us in writing.

The limitations on investment and brokerage discretion held by SSAM for you are:

1. For discretionary clients, we require that SSAM be provided with authority to determine which securities and the amounts of securities to be bought or sold.
2. Any limitations on this discretionary authority shall be included in this written authority statement. You may change/amend these limitations as required. Such amendments shall be submitted in writing.

In some instances, we may not have discretion. If we do not have discretionary authority for your account, we will discuss all transactions with you prior to execution.

Research products and services received by us from broker-dealers will be used to provide services to all our clients.

## **Item 17 – Voting Your Securities**

We will not vote proxies under our limited discretionary authority. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Should you have any questions about a particular solicitation, you may contact us.

## **Item 18 – Financial Information**

This item is not applicable to this brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

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