

# **Disciplined Wealth Strategies, Inc.**

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

**Effective: March 4, 2014**

This Disclosure Brochure provides information about the qualifications and business practices of Disciplined Wealth Strategies, Inc. (“Disciplined Wealth”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (978) 793-1748.

Disciplined Wealth is a Registered Investment Advisor with the State of Texas. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Disciplined Wealth to assist you in determining whether to retain the Advisor.

Additional information about Disciplined Wealth and its advisory persons are available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Disciplined Wealth Strategies, Inc.  
CRD No: 166115  
2117 Wychwood Drive  
Austin, TX 78746  
Phone: (978) 793-1748**

## Item 2 - Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about advisory personnel of Disciplined Wealth.

Disciplined Wealth believes that communication and transparency are the foundation of our relationship and continually strive to provide our Clients with the complete and accurate information at all times. We encourage all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

### First Annual Amendment Filing since the Initial Filing

Disciplined Wealth has filed the first annual amendment since its initial filing. The assets under management have been updated in Item 4 of this brochure (Page 6). The services offered by Disciplined Wealth have remained the same. The fee schedule Item 5 (Page 7) was amended and the basic fee range was updated to 1.25% to 0.50%.

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Disciplined Wealth.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

To review the firm information for Disciplined Wealth:

- Click **Investment Advisor Search** in the left navigation menu.
- Select the option for **Investment Advisor Firm** and enter **166115** (our firm's CRD number) in the field labeled "Firm IARD/CRD Number".
- This will provide access to Form ADV Part 1 and Part 2.
- Item 11 of the ADV Part 1 lists legal and disciplinary questions regarding the Advisor.
- In the left navigation menu, Form ADV Part 2 is located near the bottom.

You may also request a copy of this Disclosure Brochure at any time, by contacting us at (978) 793-1748.

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## **Item 4 - Advisory Services**

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### **A. Firm Information**

Disciplined Wealth Strategies, Inc. ("Disciplined Wealth" or the "Advisor") is a Registered Investment Advisor with the State of Texas, which is organized as a Corporation under the laws of the State of Texas. Disciplined Wealth was founded in November 2012, and is owned and operated by President, John T. Blood. This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Disciplined Wealth.

### **B. Advisory Services Offered**

Disciplined Wealth offers investment advisory services to individuals, high net worth individuals, and other financial institutions in Texas and other states (each referred to as a "Client").

#### Account Portfolio Management

Disciplined Wealth provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and consulting services. Disciplined Wealth works with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio allocation. Disciplined Wealth will then construct a portfolio, consisting of low-cost, diversified mutual funds and/or exchange-traded funds ("ETFs") to achieve the Client's investment goals. The Advisor may also utilize individual stocks and bonds to meet the needs of its Clients.

Disciplined Wealth's investment strategy is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. Disciplined Wealth will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to the acceptance by the Advisor.

Disciplined Wealth evaluates and selects ETFs and mutual funds for inclusion in Client portfolios only after applying their internal due diligence process. Disciplined Wealth may recommend, on occasion, redistributing investment allocations to diversify the portfolio. Disciplined Wealth may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement, which may adversely affect the portfolio. Disciplined Wealth may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

**Prior to rendering investment advisory services, Disciplined Wealth will ascertain, in conjunction with the Client, the Client's financial situation, risk tolerance, and investment objective[s].**

Disciplined Wealth will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will Disciplined Wealth accept or maintain custody of a Client's funds or securities. All Client assets will be managed within their designated brokerage account or pension account, pursuant to the Client Investment Advisory Agreement.

#### Managed Account Programs

Disciplined Wealth may recommend to Clients that all or a portion of their portfolio be implemented by utilizing

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one or more unaffiliated money managers participating in a managed accounts program at the Client's selected custodian (the "Program Sponsor"). The Client will then enter into a program and investment advisory agreement with the Program Sponsor and the participating money manager[s]. The Advisor will assist and advise the Client in establishing investment objectives for the account, the selection of the money manager[s], and defining any restrictions on the account. Disciplined Wealth will continue to provide oversight of the Client account and ongoing monitoring of the activities of the unaffiliated money managers.

These money managers will develop an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. In consideration for such services, the Program Sponsor will charge a program fee that includes the investment advisory fee of the money managers, the administration of the program and trading, clearance and settlement costs. The Program Sponsor will add Disciplined Wealth's Investment Advisory Fee (described below in Item 5) and will deduct the overall fee from the Client account, generally at the start of each calendar quarter. The asset-based program fee is tiered and varies depending on the size of the account, the asset class of the underlying securities and the sub-advisor selected. The overall fee (including the Advisor's Investment Advisory Fee) will not exceed 3% annually.

**Disciplined Wealth does not receive any compensation from these unaffiliated money managers or the Program Sponsor, other than Disciplined Wealth's Investment Advisory Fee (described in Item 5).**

The Client, prior to entering into an agreement with a Program Sponsor, will be provided with the Program Sponsor's Form ADV Part 2 (or a brochure that makes the appropriate disclosures). In addition, Disciplined Wealth and its Client will agree in writing that that selected Program Sponsor will manage the Client's account on a discretionary basis.

#### Financial Planning

Disciplined Wealth will typically provide a variety of financial planning services to individuals and families, pursuant to a written Financial Planning. Services are offered in several areas of a Client's financial situation, depending on their goals, objectives and financial situation.

Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the Client's financial goals and objectives. This planning or consulting may encompass one or more areas of need, including, but not limited to investment planning, retirement planning, personal savings, education savings and other areas of a Client's financial situation.

A financial plan developed for or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs. Disciplined Wealth may also refer Clients to an accountant, attorney or other specialist, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations may pose a potential conflict between the interests of the Advisor and the interests of the Client. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to effect the transaction through the Advisor.

### Sub-Advisory Services

Disciplined Wealth also provides other financial services firms and professionals with outsourced investment management services. In its capacity as a sub-advisor, Disciplined Wealth will provide discretionary investment management services, including asset allocation, portfolio construction, investment management and supervision services.

These services are offered to other financial professionals who perform due diligence on the investment processes and models offered by Disciplined Wealth. As part of that due diligence process, the retail client's advisor determines the client's suitability and selects an investment model or multiple investment models from the different investment portfolios offered by Disciplined Wealth. The client's advisor also provides copies of Disciplined Wealth's Disclosure Brochure and gathers the account opening documentation from the client. Disciplined Wealth receives notice of the account opening documentation from the Advisor. Disciplined Wealth does not typically meet with clients of the Sub-Advisory Services, and relies on the client's Advisor to provide updates with regard to changes in client risk tolerance, goals and suitability. Clients are instructed to channel their communication and update their suitability information directly with their Advisor who made the portfolio selection on their behalf. If a client wishes to place restrictions on the portfolio management, those requests should be processed through the client's Advisor. Fee for sub-advisory services are listed in Item 5 below.

### **C. Client Account Management**

Prior to engaging Disciplined Wealth to provide investment advisory services, each Client is required to enter into an Investment Advisory Agreement with the Advisor that defines the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Policy Statement – Disciplined Wealth, in connection with the Client, may develop a statement that summarizes the Client's investment goals and objectives along with the broad strategy[ies] to be employed to meet the objectives. An Investment Policy Statement generally includes specific information on the Client's stated goals, time horizon for achieving the goals, investment strategies, Client risk tolerance and any restrictions imposed by the Client.
- Asset Allocation – Disciplined Wealth will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk for each Client.
- Portfolio Construction – Disciplined Wealth will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – Disciplined Wealth will provide investment management and ongoing oversight of the Client's portfolio and overall account.

### **D. Wrap Fee Programs**

Disciplined Wealth does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by Disciplined Wealth.

### **E. Assets Under Management**

Disciplined Wealth assets under management were \$190,136,365 as of December 31, 2013. All of these assets are managed on a Discretionary Basis. The amount of assets are spread among and between the programs described above, some of these assets are received by Disciplined Wealth as the sub-advisory manager to model portfolios. Clients may request more current information at any time by contacting the Advisor.

## **Item 5 – Fees and Compensation**

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The following paragraphs detail the fee structure and compensation methodology for investment management. Each Client shall sign an Investment Advisory Agreement that details the responsibilities of Disciplined Wealth and the Client.

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## **A. Fees for Advisory Services**

### Account Portfolio Management

Investment Advisory Fees are paid quarterly in advance pursuant to the terms of the Investment Advisory Agreement. Investment Advisory Fees are based on the market value of assets under management at the end of each calendar quarter. The Investment Advisory Fees in the first quarter of the Agreement shall be prorated from the inception date to the end of the first quarter. Investment Advisory Fees range from an annual rate of 1.25% to 0.50% based on the following schedule:

Assets Under Management	Annual Rate
First \$250,000	1.25%
Next \$750,000 (\$250,001 to \$1,000,000)	1.00%
Next \$1,000,000 (\$1,000,001 to \$2,000,000)	0.90%
Next \$1,000,000 (\$2,000,001 to \$3,000,000)	0.80%
Next \$1,000,000 (\$3,000,001 to \$4,000,000)	0.70%
Next \$1,000,000 (\$4,000,001 to \$5,000,000)	0.60%
Over \$5,000,000	0.50%

Investment Advisory Fees in the first quarter of service are prorated to the inception date of the account to the end of the first quarter. At the sole discretion of the Advisor, Investment Advisory Fees may be negotiated prior to entering into an Investment Advisory Agreement. The Client's fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by Disciplined Wealth will be independently valued by the designated Custodian. Disciplined Wealth will not have the authority or responsibility to value portfolio securities.

### Managed Accounts Programs

Fees for Clients participating in managed accounts programs will include Disciplined Wealth's Investment Advisory Fee above, plus the Program Sponsors Fee.

### Financial Planning

Disciplined Wealth offers financial planning on an hourly basis at \$250 per hour, which may be negotiable depending on the nature and complexity of each Client's circumstances. An estimate for total hours will be determined prior to establishing the advisory relationship.

### Sub-Advisory Services

Fees for sub-advisory services are offered at an annual rate of up to 0.50% of assets under management, which may be negotiated between the advisor and Disciplined Wealth.

## **B. Fee Billing**

### Account Portfolio Management

Investment Advisory Fees will be automatically deducted from the Client Account by the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client Account at the respective quarter end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4 to the total assets under management with Disciplined Wealth at the end of each quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the Investment Advisory Fee. In addition, the Advisor will provide the Client a report itemizing the fee, including the calculation period covered by the fee, the account value and the methodology used to calculate the fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting Disciplined Wealth to be paid directly from their accounts held by the Custodian as part of the Investment Advisory Agreement and separate account forms provided by the Custodian.



### Financial Planning

Financial planning and consulting fees are invoiced 50% upon execution of the Financial Planning and 50% upon receipt of the agreed upon deliverable.

### Sub-Advisory Services

Sub-advisory fees are invoiced to the advisor contracting services through Disciplined Wealth based on the frequency and methodology set forth in a sub-advisory agreement.

## **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third-parties, other than Disciplined Wealth, in connection with investment made on behalf of the Client's account[s]. The Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Investment Advisory Fee charged by Disciplined Wealth is separate and distinct from these custodian and execution fees.

In addition, all fees paid to Disciplined Wealth for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client could invest in these products directly, without the services of Disciplined Wealth, but would not receive the services provided by Disciplined Wealth which are designed, among other things, to assist the Client in determining which products or services are most appropriate to each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by Disciplined Wealth to fully understand the total fees to be paid.

## **D. Advance Payment of Fees and Termination**

### Account Portfolio Management

Disciplined Wealth is compensated for its services in advance the quarter in which investment advisory services are rendered. Clients may request to terminate their Investment Advisory Agreement with Disciplined Wealth, in whole or in part, by providing advance written notice. The Client shall be responsible for Investment Advisory Fees up to and including the effective date of termination. Upon termination, the Advisor will refund any unearned, prepaid Investment Advisory Fees from the effective date of termination to the end of the quarter. The Client's Investment Advisory Agreement with the Advisor is non-transferable without Client's written approval.

### Financial Planning

In the event that a Client should wish to cancel the financial planning agreement under which any plan is being created, the Client shall be billed for actual hours logged on the planning project times the agreed upon hourly rate. Any surplus in the Advisor's possession as the result of collecting a deposit at the time of signing the financial planning agreement will be returned to the Client within 5 business days of cancellation. Either party may terminate a planning or consulting agreement at anytime by providing written notice to the other party. In addition, the Client may terminate the agreement within five (5) days of signing the Advisor's financial planning or consulting agreement at no cost to the Client. After the five day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Refunds will be given on a pro-rata basis.

### Sub-Advisory Services

Sub-advisory fees may be charged in advance or arrears based on the terms of the sub-advisory agreement. Upon termination, the Advisor will refund any unearned, prepaid Sub-advisory fees from the effective date of termination to the end of the period.



## **E. Compensation for Sales of Securities**

Disciplined Wealth does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the Investment Advisory Fees noted above.

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

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Disciplined Wealth does not charge performance-based fees for its investment advisory services. The fees charged by Disciplined Wealth are as described in Item 5 – Fees and Compensation above and are not based upon the capital appreciation of the funds or securities held by any Client.

Disciplined Wealth does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

### Who is a “Qualified Client”?

The Investment Advisers Act of 1940 (the “Advisers Act”), Rule 205-3(d)(1) defines a “Qualified Client” who is financially sophisticated and meets one or more of the following conditions:

1. Client is a natural person who or a company that immediately after entering into the contract has at least \$1,000,000 under the management of the Advisor;
2. Client is a natural person who or a company that immediately prior to entering into the contract, has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,000,000 at the time the contract is entered into.

## **Item 7 – Types of Clients**

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Disciplined Wealth provides investment advisory services to the following types of Clients:

- Individuals, Personal Trusts and Estates – private investors, investing their personal assets
- Other Financial Institutions – registered investment advisors, broker-dealers and associated financial professionals

The relative percentage each type of Client is available on Disciplined Wealth’s Form ADV Part 1. These percentages will change over time. Disciplined Wealth generally does not impose a minimum account size for establishing a relationship.

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

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### **A. Methods of Analysis**

Disciplined Wealth primarily employs fundamental analysis methods in developing investment strategies for its Clients. Research and analysis from Disciplined Wealth is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others. As noted above, Disciplined Wealth generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Disciplined Wealth will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Disciplined

Wealth may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

## **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Disciplined Wealth will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Fundamental analysis utilizes economic and business indicators as investment selection criteria. These criteria are generally ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included in Item 13.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Disciplined Wealth may use margin in Client accounts to manage the timing of purchases and sales, as appropriate. Disciplined Wealth may employ options strategies to hedge or gain additional exposure to a particular asset class or sector. Disciplined Wealth's investment strategy encompasses active trading in concentrated portfolios. Following are some of the risks associated with Options, Margin and Short-Sale transactions:

### Options Contracts

Investments in options contracts have the risk of losing value in a relatively short period of time. Option contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.

### Margin Borrowings

The use of short-term margin borrowings may result in certain additional risks to a Client. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

### Short Sales

A short sale involves the sale of a security that the Client does not own in the hope of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the Client must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Client realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Client covers its short position, i.e.,

purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

#### Alternative Investments (Limited Partnerships)

The performance of alternative investments (limited partnerships) can be volatile and may have limited liquidity. An investor could lose all or a portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. Client should only have a portion of their assets in these investments.

#### Concentrated Portfolios

Concentrated portfolios are an aggressive and highly volatile approach to trading and investing and should be viewed as complementary to a stable, highly predictable investment approach. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic price swings. In addition, the rise or drop in price of any given holding in the portfolio is likely to have a larger impact on portfolio performance, than a more broadly diversified portfolio.

#### Frequent Trading

Frequent trading in securities can result in higher transaction costs in the Client's account[s]. For taxable accounts, frequent trading can also result in taxable transactions each year that would not be present in a buy-and-hold strategy. There are no guarantees that a frequent trading strategy will correctly time purchases and sales of any particular security.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

### Item 9 - Disciplinary Information

**There are no legal, regulatory or disciplinary events involving Disciplined Wealth or any of its employees.** Disciplined Wealth and its advisory personnel value the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider in which you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). To review the firm information contained in ADV Part 1, select the option for Investment Adviser Firm and enter **166115** in the field labeled "Firm IARD/CRD Number". This will provide access to Form ADV Parts 1 and 2. Item 11 of the ADV Part 1 lists legal and disciplinary questions. You may also research the background of John T. Blood by selecting the Investment Adviser Representative and entering Mr. Blood's Individual CRD# **4270742** in the field labeled "Individual CRD Number".

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

The sole business of Disciplined Wealth and Mr. Blood is to provide investment advisory services to its Clients. Neither Disciplined Wealth nor its advisory personnel are involved in other business endeavors. Disciplined Wealth does not maintain any affiliations with other firms, other than contracted service providers to assist with the servicing of its Client's accounts.

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

#### **A. Code of Ethics**

Disciplined Wealth has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with Disciplined Wealth. The Code of Ethics was developed to

provide general ethical guidelines and specific instructions regarding our duties to you, our Client. Disciplined Wealth and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Disciplined Wealth associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. Disciplined Wealth has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at (978) 793-1748.

#### **B. Personal Trading with Material Interest**

Disciplined Wealth allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Disciplined Wealth does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advice an investment company. Disciplined Wealth does not have a material interest in any securities traded in Client accounts.

#### **C. Personal Trading in Same Securities as Clients**

Disciplined Wealth allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you.

In addition the Code of Ethics governs Gifts and Entertainment given by and provided to the Advisor, outside employment activities of employees, Employee reporting, sanctions for violations of the Code of Ethics, and records retention requirements for various aspects of the Code of Ethics.

#### **D. Personal Trading at Same Time as Client**

While Disciplined Wealth allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, these trades do not occur at the same time. Disciplined Wealth will place trades only after Client orders have been placed and filled. **At no time, will Disciplined Wealth or any associated person of Disciplined Wealth, transact in any security to the detriment of any Client.**

### **Item 12 - Brokerage Practices**

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#### **A. Recommendation of Custodian[s]**

Disciplined Wealth does not have discretionary authority to select the broker-dealer/custodian for custodial and execution services or the administrator for defined contribution accounts. The Client will select the broker-dealer or custodian (herein the "custodian") to safeguard Client assets and authorize Disciplined Wealth to direct trades to this custodian as agreed in the Investment Advisory Agreement. Further, Disciplined Wealth does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where Disciplined Wealth does not exercise discretion over the selection of the custodian, it may recommend the custodian[s] to Clients for execution and/or custodial services. Clients are not obligated to use the recommended custodian and will not incur any extra fee or cost associated with using a broker not recommended by Disciplined Wealth. Disciplined Wealth may recommend a custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the

custodian's offices. Disciplined Wealth does not receive research services, other products, or compensation as a result of recommending a particular broker that may result in the Client paying higher commissions than those obtainable through other brokers.

Following are additional details regarding the brokerage practices of the Advisor:

1. **Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. **Disciplined Wealth does not participate in soft dollar programs sponsored or offered by any broker-dealer.**
2. **Brokerage Referrals** - Disciplined Wealth does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account.
3. **Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where Disciplined Wealth will place trades within the established account[s] at the custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). In selecting the custodian, Disciplined Wealth will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated custodian.

#### **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. Disciplined Wealth will execute its transactions through an unaffiliated broker-dealer selected by the Client. Disciplined Wealth may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

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

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#### **A. Frequency of Reviews**

Accounts are monitored on a regular and continuous basis by Mr. Blood, President of Disciplined Wealth. Reviews of client account statements are performed on at least a quarterly basis. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client.

#### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify Disciplined Wealth if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic or political events.

#### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the trustee or custodian. These brokerage statements are sent directly from the custodian to the Client. The Client may also establish electronic access to the custodian's website so that the Client may view these reports and their account activity. Client

brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by Disciplined Wealth**

Disciplined Wealth is a fee-only advisory firm, who, in all circumstances, is compensated solely by the Client. Disciplined Wealth does not receive commissions or other compensation from product sponsors, broker dealers or any un-related third party. Disciplined Wealth may refer Clients to various third-parties to provide certain financial services necessary to meet the goals of its Clients. Likewise, Disciplined Wealth may receive referrals of new Clients from a third-party.

### **B. Client Referrals from Solicitors**

Disciplined Wealth does not engage paid solicitors for Client referrals.

## **Item 15 - Custody**

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Disciplined Wealth does not accept or maintain custody of any Client accounts. All Clients must place their assets with a qualified custodian. Clients are required to select their own custodian to retain their funds and securities and direct Disciplined Wealth to utilize that custodian for the Client's security transactions. Disciplined Wealth encourages Clients to review statements provided by account custodian. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

## **Item 16 - Investment Discretion**

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Disciplined Wealth generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Disciplined Wealth. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Disciplined Wealth will be in accordance with each Client's investment objectives and goals.

## **Item 17 - Voting Client Securities**

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Disciplined Wealth does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 18 - Financial Information**

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Neither Disciplined Wealth, nor its management has any adverse financial situations that would reasonably impair the ability of Disciplined Wealth to meet all obligations to its Clients. Neither Disciplined Wealth, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. Disciplined Wealth is not required to deliver a balance sheet along with this Brochure as the firm does not collect advance fees for services to be performed six months or more in advance.



## **Item 19 – Requirements for State Registered Advisors**

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### **A. Educational Background and Business Experience of Principal Officer**

The President of Disciplined Wealth is John T. Blood. Information regarding the formal education and background of Mr. Blood is included in Item 2 of Part 2B below.

### **B. Other Business Activities of Principal Officer**

Mr. Blood is a dedicated to the investment advisory activities of Disciplined Wealth's Clients. Mr. Blood does not have any other business activities.

### **C. Performance Fee Calculations**

Disciplined Wealth does not charge performance-based fees for its investment advisory services. The fees charged by Disciplined Wealth are as described in Item 5 – Fees and Compensation above and are not based upon the capital appreciation of the funds or securities held by any Client.

### **D. Disciplinary Information**

*There are no legal, civil or disciplinary events to disclose regarding Disciplined Wealth or Mr. Blood.* Neither Disciplined Wealth nor Mr. Blood has ever been involved in any regulatory, civil or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Disciplined Wealth or Mr. Blood.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. *As previously noted, there are no legal, civil or disciplinary events to disclose regarding Disciplined Wealth or Mr. Blood.*

### **E. Material Relationships with Issuers of Securities**

Neither Disciplined Wealth nor Mr. Blood has any relationships or arrangements with issuers of securities.

## **Form ADV Part 2B – Brochure Supplement**

**for**

**John T. Blood  
President**

**Effective: March 4, 2014**

This Brochure Supplement provides information about the background and qualifications of John T. Blood (CRD# **4270742**) in addition to the information contained in the Disciplined Wealth Strategies, Inc. (“Disciplined Wealth” or the “Advisor” - CRD #166115) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you any questions about the contents of the Disciplined Wealth Disclosure Brochure or this Brochure Supplement, please contact us at (978) 793-1748.

Additional information about Mr. Blood is available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Educational Background and Business Experience**

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The President of Disciplined Wealth is John T. Blood. Mr. Blood, born in 1968, is a dedicated Portfolio Manager for Client accounts of Disciplined Wealth.

Mr. Blood earned a Masters in Business Administration from Boston College in 2003. Mr. Blood earned a Bachelor of Science in Mechanical Engineering from Rensselaer Polytechnic Institute in 1990. Mr. Blood earned a Masters of Science in Finance from Boston College in 2003. Additional information regarding Mr. Blood's employment history is included below.

### **Employment History:**

President, Disciplined Wealth Strategies, Inc.	02/2013 to Present
Vice President DFA Securities, LLC	01/2010 to 1/2013
Vice President, Dimensional Fund Advisors LP	01/2010 to 1/2013
Chief Market Strategist, Commonwealth Financial Network	09/2000 to 12/2009

## **Item 3 – Disciplinary Information**

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*There are no legal, civil or disciplinary events to disclose regarding Mr. Blood.* Mr. Blood has never been involved in any regulatory, civil or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Blood.

Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. *As previously noted, there are no legal, civil or disciplinary events to disclose regarding Mr. Blood.*

However, we do encourage you to independently view the background of Mr. Blood on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Select Investment Adviser Search from the left navigation menu. Then select the option for Investment Adviser Representative and enter **4270742** in the field labeled "Individual CRD Number".

## **Item 4 – Other Business Activities**

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Mr. Blood is dedicated to the investment advisory activities of Disciplined Wealth's Clients. Mr. Blood does not have any other business activities.

## **Item 5 – Additional Compensation**

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Mr. Blood is a dedicated to the investment advisory activities of Disciplined Wealth's Clients. Mr. Blood does not receive any additional forms of compensation.

## **Item 6 – Supervision**

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Mr. Blood serves as the President and Chief Compliance Officer of Disciplined Wealth. Mr. Blood can be reached at (978) 793-1748.

## Item 7 – Requirements for State Registered Advisors

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Mr. Blood does not have any additional information to disclose.

### Privacy Policy

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Effective: March 4, 2014

#### Our Commitment to You

Disciplined Wealth Strategies, Inc. ("Disciplined Wealth") is committed to safeguarding the use of your personal information that we have as your Investment Advisor. Disciplined Wealth (also referred to as "we", "our" and "us" throughout this notice) protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you. Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything we can to maintain that trust.

Disciplined Wealth does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and proper business purposes in connection with the servicing and management of our relationship with you as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Privacy Policy.

#### Why you need to know?

Registered Investment Advisors ("RIAs") share some of your personal information. Federal and State laws give you the right to limit some of this sharing. Federal and State laws require RIAs to disclose how we collect, share, and protect your personal information.

#### What information do we collect from you?

Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number(s)	Income and expenses
E-mail address(es)	Investment activity
Account information (including other institutions)	Investment experience and goals

#### What sources do we collect information from in addition to you?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

## How we share your information?

RIAs do need to share personal information regarding its clients to effectively implement the RIA's services. In the section below, we list some reasons we may share your personal information.

Basis for sharing	Sharing	Limitations
<b>Servicing our Clients</b> We may share non-public personal information with non-affiliated third parties (such as brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed services to you consistent with applicable law, including but not limited to: <ul style="list-style-type: none"><li>• Processing transactions;</li><li>• General account maintenance;</li><li>• Responding to regulators or legal investigations; and</li><li>• Credit reporting, etc.</li></ul>	Disciplined Wealth may share this information.	Clients cannot limit the Advisors ability to share.
<b>Administrators</b> We may disclose your non-public personal information to companies we hire to help administrate our business. Companies we hire to provide services of this kind are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality. We limit their use of your personal information to the performance of the specific service we have requested.	Disciplined Wealth may share this information.	Clients cannot limit the Advisors ability to share.
<b>Marketing Purposes</b> Disciplined Wealth does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where Disciplined Wealth or the client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b>	Disciplined Wealth does not share personal information.	Clients cannot limit the Advisors ability to share.
<b>Authorized Users</b> In addition, your non-public personal information may also be disclosed to you and persons we believe to be your authorized agent or representative.	Disciplined Wealth does share personal information.	Clients can limit the Advisors ability to share.
<b>Information About Former Clients</b> Disciplined Wealth does not disclose, and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our clients.	Disciplined Wealth does not share personal information regarding former clients	Clients can limit the Advisors ability to share.

### **How do we protect your information?**

To safeguard your personal information from unauthorized access and use, we maintain physical, procedural and electronic safeguards. These include computer safeguards such as passwords, secured files and buildings.

Our employees are advised about Disciplined Wealth's need to respect the confidentiality of each client's non-public personal information. We train our employees on their responsibilities.

We require third parties that assist in providing our services to you to protect the personal information they receive. This includes contractual language in our third party agreements.

### **Changes to our Privacy Policy.**

We will send you notice of our Privacy Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise our Privacy Policy, and will provide you with a revised policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

**Questions:** You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (978) 793-1748.