

**Form ADV Part 2A – Firm Brochure  
Item 1: Cover Page  
May 2014**

**Western Wealth Management LLC  
Doing business as**

**Western Wealth Advisors**

**Firm Contact:  
GE Buenning, Chief Compliance Officer**

6000 Greenwood Plaza Blvd., Suite 100  
Greenwood Village, CO 80111  
P: 303-393-2375  
[www.westernwealthadvisors.com](http://www.westernwealthadvisors.com)

This brochure provides information about the qualifications and business practices of Western Wealth Management, LLC doing business as Western Wealth Advisors. If you have any questions about the contents of this brochure, please contact us by telephone at (720) 354-5091 or email [ge.buenning@lpl.com](mailto:ge.buenning@lpl.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Western Wealth Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Western Wealth Advisors and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

Western Wealth Advisors is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

Since our last annual updating amendment filed on March 31, 2014, the following changes have been made:

- Our firm will utilize independent money managers in connection to a portion of our advisory accounts. For more information, please see Item 4 and Item 5 of this brochure.
- Our hourly fees for financial planning now range from \$200 to \$500.

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## **Item 4: Advisory Business**

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of Colorado. Our firm has been in business as an investment adviser since 2013 and is wholly owned by GE Buenning.

We specialize in the following types of services: Comprehensive Portfolio Management and Financial Planning and/or Consulting.

### **Advisory Services**

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#### **Comprehensive Portfolio Management:**

Our Comprehensive Portfolio Management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds ("ETFs"), mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

We may utilize Independent Money Managers, where we design an investment portfolio on a fee-only basis for a percentage of assets in conjunction with another investment advisory firm. Before selecting other advisers, we make sure that the other advisers are properly licensed or registered.

#### **Financial Planning and/or Consulting:**

We provide a variety of financial planning and/or consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Such financial planning services will involve preparing a financial plan and/or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning and/or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, 401k Investment Advice, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans and/or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs,

create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans and/or consultations are usually completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

### **LPL Financial Sponsored Advisory Programs:**

Our firm may provide advisory services through certain programs sponsored by LPL Financial (LPL), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to our firm. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the LPL Financial Form ADV Part 2 or the applicable program's Appendix 1 (wrap fee program brochure) and the applicable client agreement.

#### **Optimum Market Portfolios Program (OMP)**

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$15,000 is required for OMP.

#### **Personal Wealth Portfolios Program (PWP)**

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP.

## **Model Wealth Portfolios Program (MWP)**

MWP offers clients a professionally managed mutual fund asset allocation program. Our firm will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Advisor will have discretion to choose among the available models designed by LPL and outside strategists.

A minimum account value of \$50,000 is required for MWP.

## **Manager Access Select Program**

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

## **Conflicts of Interest:**

Transactions in LPL advisory program accounts are effected through LPL as the executing broker-dealer.

Advisor receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

## **Tailoring of Advisory Services**

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We offer individualized investment advice to clients utilizing our Comprehensive Portfolio Management service. Additionally, we offer general investment advice to clients utilizing our Financial Planning & Consulting service.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Comprehensive Portfolio Management. We do not manage assets through our other services.

### **Participation in Wrap Fee Programs**

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We offer wrap fee programs as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of our Brochure. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

### **Assets Under Management**

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As of May 05, 2014, we manage \$56,722,856 on a discretionary basis and \$46,556,309 on a non-discretionary basis.

## **Item 5: Fees & Compensation**

We would like to advise our clients that lower fees for comparable services may be available from other sources.

### **How We Are Compensated for Our Advisory Services**

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#### **Comprehensive Portfolio Management:**

Our fees range from 0.5% to 3.0% of assets under management. Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Our fees may be negotiable. LPL will make quarterly adjustments for deposits and withdrawals in client accounts.

Fees will be automatically deducted from your managed account. As part of this process, you understand and acknowledge the following:

- a) LPL Financial, as your custodian, sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting advisory fees to be deducted from your advisory account;
- c) LPL Financial calculates our advisory fees and deducts them from your account.

We pay compensation to Independent Money Managers for services rendered by these firms to our clients and our firm. This compensation is typically equal to a percentage of the overall investment advisory fee charged by our firm or an agreed upon fixed fee. The advisory fee paid to Independent Money Managers shall be negotiable in certain circumstances, but shall never exceed the overall

amount in our published fee statement. We usually pay twenty-five (25) to fifty-percent (50%) of the overall advisory fee to Independent Money Managers for their services.

**Financial Planning and/or Consulting:**

We charge on an hourly or flat fee basis for financial planning and/or consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees range from \$200 to \$500. Flat fees range from \$500 to \$10,000.

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

In the event that you wish to terminate our services, you will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm and Planner.

**Fees for LPL Financial Sponsored Advisory Programs:**

The account fee charged to the client for each LPL advisory program is negotiable, subject to the following maximum account fees:

OMP	2.5%
PWP	2.5%
MWP	2.5%
Manager Access Select	3.0%

Account fees are payable quarterly in advance. LPL Financial has a separate billing process which we have no control over. In general, they will directly bill you and describe how this works in their separate written disclosure documents.

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. Our firm and LPL may share in the account fee and other fees associated with program accounts.

**Other Fees**

Non-Wrap fee clients may incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure.



Clients may also incur miscellaneous fees and charges from LPL Financial in its capacity as our primary custody and clearing firm. Such fees are subject to change without prior notification from LPL Financial. A current schedule is available upon request.

### **Refunds Following Termination**

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We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

### **Commissionable Securities Sales.**

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In order to sell securities for a commission, our supervised persons are registered representatives of LPL Financial, member FINRA/SIPC. Our supervised persons accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds. You should be aware that the practice of accepting commissions for the sale of securities presents a conflict of interest and gives our firm and/or our supervised persons an incentive to recommend investment products based on the compensation received.

We address commissionable sales conflicts that arise when explaining to clients that commissionable securities sales creates an incentive to recommend products based on the compensation we and/or our supervised persons may earn and when recommending commissionable mutual funds, explaining that "no-load" funds are available through our firm if the client wishes to become an investment advisory client.

This arrangement in no way prohibits you from purchasing investment products recommended by us through other brokers or agents which are not affiliated with us. Furthermore, this arrangement does not reduce your advisory fees to offset the commissions our supervised persons receive.

## **Item 6: Performance-Based Fees & Side-By-Side Management**

We do not accept performance-based fees.

## Item 7: Types of Clients & Account Requirements

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Corporations, Limited Liability Companies and/or Other Business Types.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum account balance of \$15,000 for our Comprehensive Portfolio Management. This minimum account balance requirement is negotiable and would be required throughout the course of the client's relationship with our firm.
- Please see Item 4B(iii) for the minimum account balance requirements of LPL Financial Sponsored Advisory Programs.
- We charge a minimum fee of \$500 for written financial plans.

## Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

### Methods of Analysis:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

### Investment Strategies We Use:

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations. We employ this strategy when we believe the securities to be currently undervalued, and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

**Long-term purchases.** When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. We employ this sub-strategy when:

1. we believe the securities to be well valued; and/or
2. we want exposure to a particular asset class over time, regardless of the current projection for this class.

**Margin transactions.** If pre-authorized by you and if your account has been margin approved, we may purchase stocks for your portfolio with money borrowed from your brokerage account. This will allow you to purchase more stock than you would be able to with your available cash, and will allow us to purchase stock without selling other holdings.

**Option writing.** We may use options as an investment strategy. Client's account must be pre-approved for option writing. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

We invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Comprehensive Portfolio Management, as applicable.

**Please Note:**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

## **Item 10: Other Financial Industry Activities & Affiliations**

Representatives of our firm are registered representatives of LPL Financial, member FINRA/SIPC. They may offer securities and receive normal and customary commissions as a result of securities transactions. A conflict of interest may arise as these commissionable securities sales may create an incentive to recommend products based on the compensation they may. In order to minimize this conflict of interest, our management persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics as well as clearly explaining this conflict when recommending any such products to our clients. Clients are informed they are not obligated to purchase these products.

Representatives of our firm are insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation our management persons may. In order to minimize this conflict of interest, our management persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics as well as clearly explaining this conflict when recommending any such products to our clients. Clients are not obligated to purchase these products.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times.

Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all

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<sup>1</sup> For purposes of the policy, our associate's personal account includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities within 48 hours prior to buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **Item 12: Brokerage Practices**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm has an arrangement with LPL Financial. LPL offers to independent investment advisers non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive non-soft-dollar services such as research and administrative functions including portfolio pricing, account statement generation and fee calculations, which are intended to support our firm in conducting business and in serving the best interests of our clients. These services do not incentivize us to recommend LPL Financial. Our recommendation of LPL Financial to our clients is based on our clients' interests in receiving best execution and the level of competitive, professional services LPL Financial provides. Our firm does not receive client brokerage commissions (or markups or markdowns) to obtain research or other products or services. We do not receive soft dollars, products or services acquired with client brokerage commissions. Our firm does not receive brokerage for client referrals. We do not allow client-directed brokerage, as trades in our clients' accounts are executed through LPL Financial, a

qualified custodian and broker-dealer; neither do we direct client transactions to LPL Financial in return for soft-dollar benefits.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine or "batch" such orders to obtain "best execution", to negotiate more favorable commission rates, to allocate fairly among the clients' differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that we determine to aggregate client orders for the purchase or sale of securities, including securities in which our principals) and/or associated persons) may invest, we shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc. We shall not receive any additional compensation or remuneration as a result of the aggregation. When referring clients to dealers, we will only refer clients to dealers registered in states where the clients reside.

If requested, we will arrange for the execution of securities brokerage transactions for the account through broker-dealers that we reasonably believe will provide "best execution". In seeking "best execution", the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. We also take into consideration the full range of a broker-dealer's services including execution capability, commission rates, and responsiveness. Although we will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for account transactions. Over-the-Counter (OTC) securities transactions for our clients are generally effected based on two (2) separate broker-dealers: (1) a "dealer" or "principal" acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client's account. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition

to the dealer mark-up/down, the client may also incur the transaction fee imposed by the executing broker-dealer. We do not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

### **Item 13: Review of Accounts or Financial Plans**

We review accounts at least quarterly for our clients subscribing to our Comprehensive Portfolio Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to the following services: Asset Management, Comprehensive Portfolio Management Portfolio Monitoring and LPL Financial Sponsored Advisory Programs.

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

### **Item 14: Client Referrals & Other Compensation**

#### **Investment or Brokerage Discretion**

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

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

We shall recommend LPL Financial. LPL is the broker-dealer with which our representatives are also associated. As a result of the individual association of our representatives with LPL, we are required to utilize the brokerage/custodial services of LPL for investment advisory accounts. Our general policies relative to the execution of client securities brokerage transactions are as follows:

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

In seeking "best execution", the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. LPL also takes into

consideration the full range of a broker-dealer's services including execution capability, commission rates, and responsiveness. Although LPL will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for all account transactions.

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

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

### **Additional Compensation**

We may receive from LPL or a mutual fund company, without cost and/or at a discount non soft-dollar support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we may receive investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by us to assist us in our investment advisory business operations.

Our clients do not pay more for investment transactions effected and/or assets maintained at LPL as result of this arrangement. There is no commitment made by us to LPL or any other institution as a result of the above arrangement.

### **Referral Fees**

We may pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If we are paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.



### **Item 15: Custody**

We do not have custody of client funds or securities. All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

### **Item 16: Investment Discretion**

Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our Comprehensive Portfolio Management clients. We do not take or exercise discretion with respect to our other clients.

### **Item 17: Voting Client Securities**

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future.

### **Item 18: Financial Information**

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.