

## Item 1 – Cover Page

### Cooper Financial Group

d/b/a Cooper McManus  
d/b/a EHG Financial Planning  
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Date of Brochure: January 2015

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This brochure provides information about the qualifications and investment advisory business practices of Cooper Financial Group. If you have any questions about the contents of this brochure please contact us at (800) 516-5333. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Cooper Financial Group's advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching for Cooper Financial Group's name or using the firm's CRD number: 111458.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last other than annual update was filed in February 2014, the only material change to our disclosure brochure is an increase in the amount of client assets our firm manages. The current amount of client assets under our management is \$373,249,931. Please refer to Item 4 – Advisory Business for more details.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

### **Ownership**

Cooper Financial Group also does business as Cooper McManus and as EHG Financial Planning (“Advisor” or “we”). We are an investment advisor registered with the Securities and Exchange Commission since April 2003. We are a California corporation and our owners are Arthur Y. Cooper and David S. McManus.

### **General Description of Primary Advisory Services**

We offer personalized investment advisory services including financial planning, asset management and referrals to third party money managers. The following are brief descriptions of our primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients (“clients” or “you”) can review the services and description of fees more thoroughly.

#### ***Financial Planning Services (Plans and Consultations)***

Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning and other areas. The role of a financial planner is to find ways to help clients understand their overall financial situation and help them set financial objectives.

We offer advisory services in the form of financial plans and consultations. These services do not involve actively managing your accounts. Instead, comprehensive planning services focus on your overall financial situation. Modular planning services and consultations (both one-time and on-going) focus on specific areas of concern to you.

#### ***Asset Management Services***

We offer asset management services providing you with continuous and on-going supervision over your accounts. This means that we continuously monitor your account and make trades in that account when necessary. For certain qualified clients, we offer asset management services via customized hedge fund portfolios.

#### ***Retirement Plan Services***

We offer retirement plan consulting services to retirement plan sponsors and to individual participants in retirement plans. These services can be both fiduciary and non-fiduciary.

#### ***Referrals to Third Party Money Managers***

We offer advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades client accounts when necessary.

### **Limits Advice to Certain Types of Investments**

We offer investment advice to clients on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Variable life insurance

- Variable annuities
- Mutual fund shares

We reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives. Please also see **Item 5, Fees and Compensation**, for additional information about portfolio holdings in managed accounts.

Please refer to **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss** for more information.

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

Our services are always provided based on your specific needs. You have the ability to impose restrictions on your accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Wrap-Fee Program versus Portfolio Management Program**

We offer services through both traditional and wrap-fee management programs. In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services (including portfolio management or advice regarding selecting other investment advisors) and transaction services are provided for one fee. The Financial Advisors Program, LifeGuide Program and Managed Opportunities Program (described in **Item 5, Fees and Compensation**) are wrap-fee programs. Whenever a fee is charged to a client for services described in this Disclosure Brochure (whether wrap fee or non-wrap fee), we will receive all or a portion of the fee charged.

### **Client Assets Managed by Advisor**

The amount of clients assets managed by Advisor totaled \$373,249,931 as of December 31, 2014, all on a discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provide in **Item 4, Advisory Business**, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

### **Financial Planning**

#### ***Full & Segmented Financial Plans***

We offer written financial planning services consistent with your current financial situation as well as your financial goals and objectives. Our investment advisor representatives ("representatives") meet with you to gather information and documentation needed to perform an analysis and review of your situation as well as your objectives and goals. One or more meetings may be required in order to gather all needed information and determine the services best suited to help meet your needs. We rely on the information provided by you. Therefore, it is very important that the information you provide is complete and accurate. We are not responsible for verifying the information supplied by you. Our services do not include legal or tax advice. You are also urged to work closely with you attorney, accountant or other professionals regarding you financial and personal situation.

After completing a review and analysis of the information and documents received, our representatives develop their analyses and recommendations and present either a full or modular (segmented) written

financial plan. A full plan focuses on your overall financial situation and covers several of areas as needed by your specific situation. A modular (segmented) plan focuses only on one or more specific area(s) of concern to you, and you should be aware that other important issues may not be taken into consideration when our representatives develop their analyses and recommendations. Our representatives may use prepackaged software programs, such as Planning Tools, Lumen and Number Cruncher, to assist in preparing the requested financial plan.

Fees for full and segmented financial planning services may be charged in the form of a fixed or hourly fee, as determined jointly by you and us. Hourly fees are billed at a rate of up to \$500 per hour. We provide an estimate of the time needed to provide the requested services. If the actual time needed exceeds the estimate, we contact you for permission prior to continuing any work. You are charged the actual hours used. Fixed fees do not exceed \$100,000. Both hourly and fixed fees are negotiable based on the complexity of your situation, the representative providing the services, the actual services provided and any extraordinary expenses (i.e., travel costs or engaging other professionals) that may be incurred in providing the services. The negotiated fee is disclosed to you prior to services being provided. Half the quoted fee is due at the time the client agreement is signed and the remaining half is due upon presentation of the plan to you.

If you purchase a full financial plan, you also receive 12 months of ongoing financial planning/investment consultation services at no additional charge. During those 12 months, you can call or visit with our representatives any number of times on any matter related to the previously prepared plan. If you desire an update to the original written plan or if you elect to renew financial planning services after the one year period has elapsed, a new client agreement may be required and additional fees may be charged.

### ***Limited Consultations***

You may also contract with us for limited consultation services. Fees for consultation services may be charged in the form of a fixed or hourly fee, as determined jointly by you and us. The fees are negotiable based upon the complexity of your situation, the representative providing the services, the actual services provided and the estimated time required to complete the consultations.

Fees for hourly consultations are billed at a rate of up to \$500 per hour, and an estimate of the total hours needed is provided to you before services are provided. If more time is needed to complete the services than the original estimate provided, our representatives contact you about the additional time needed and cost involved. Our representatives do not proceed with the additional work unless you authorize it. For fixed fees, the negotiated fee is disclosed to you before to any services are provided. No adjustment is made to the quoted fixed fee whether or not the actual time expended is more or less than the calculations used in the original quote. A retainer of half of the quoted fee is due at the time the client agreement is signed. For hourly charges, we track and monitor the amount of time expended on your account. Once the retainer has been exhausted, we bill you at the end of each month for the time expended that month. For fixed fees, the remainder of the fee is due upon the completion of the consultation services. We send you an invoice for both fixed and hourly fees. Services terminate upon completion of the consultation services.

### ***Ongoing Consultations***

You may also contract with us for ongoing consultation services on any topic(s) of interest to you and receive 12 months of ongoing consultations which are renewed automatically each year on the anniversary date of signing the original client agreement, unless sooner terminated by either party. If the services or the fees charged change at the anniversary date, a new client agreement is required. Fixed fees for this service range begin at \$1,000 per year and are payable quarterly in advance upon receipt of our billing statement. Fees are negotiated depending on the complexity of your situation, the representative providing the services, the actual services provided and any extraordinary expenses (i.e., travel costs or engaging outside professional services) that may be incurred in providing the services. The negotiated fee is disclosed to you before services are provided.

## ***Payment Options***

For all financial planning and limited consultation services, we jointly determine if the requested services are charged on a fixed or hourly basis. You have the option to have fees billed directly, automatically deducted from an existing investment account or charged to your credit card. If you choose to have fees automatically deducted from an existing investment account or paid via a credit card, you are required to provide the account custodian with written authorization to do so. At no time do we act as custodian for your account or have direct access to your funds and/or securities.

## ***Commission and Fee Offset***

In addition to providing advisory services, representatives are also registered representatives and insurance agents. Therefore, they may earn fees when providing advisory services and commissions when selling securities and/or insurance products. See, **Additional Compensation**, below.

You may select any broker/dealer or insurance agent you wish to implement any transactions recommended by our representatives. If you elect to have our representatives implement the transactions, they may waive or reduce the amount of the advisory fee by the amount of the commissions received. Any reduction is at their discretion but does not exceed 100% of the commission received.

You may also elect to implement the advice of our representatives through one or more of our other advisory programs disclosed in this Disclosure Brochure. In this case, our representatives may waive or reduce the amount of the advisory fee as a result of earning additional ongoing fees. Any reduction is at their discretion and is disclosed to you prior to implementing any transactions or contracting for additional services.

## ***Termination***

Full and segmented financial planning services and limited consultation services terminate upon presentation of the plan or completion of the consultations. For all services, either party may terminate services at any time by submitting written notice to all appropriate parties. Termination is effective upon receiving the notice. If services are terminated within five business days of executing the client agreement, services are terminated without penalty. After the initial five business days, you are responsible for paying fees charged for the time and effort expended by our representatives prior to receiving the termination notice. A prorated refund or a prorated charge is determined based on the time and effort expended by our representatives before the effective date of termination. For fixed fees, the prorated charge is based on the scope of work completed. We send you a statement summarizing any prorated refund or prorated charge due.

## ***Ideal Retirement Solution™***

The Ideal Retirement Solution™ is a service offered only by Charles Farrell III, one of our representatives. This service is offered as a 3-hour, 3-step course with the following sessions:

Session 1: The Ideal Lifestyle Builder™

Session 2: The Future Lifestyle Predictor™

Session 3: The Ideal Retirement Blueprint™

The cost of the program is negotiable and varies depending on the time required to complete the course, with the fee generally being \$495. The fee is due at the time the client agreement is signed. If you are not satisfied with the course you can request a full refund of all fees paid in advance if requested within 90 days of the conclusion of the course.

If you complete the courses you can elect to receive a written financial plan focusing on your retirement goals at no additional charge. If you elect to have a written plan prepared, additional meetings may be required to gather further information and documentation. Once the plan is prepared, Mr. Farrell meets



with you to discuss both the plan and its possible implementation. If you are not satisfied with the plan as presented, Mr. Farrell attempts to revise the plan to your satisfaction. However, the number of times the plan is revised is at his discretion. If you remain unsatisfied a full refund of all fees paid in advance is provided. Any request for a refund must be made within 90 days of the written plan being presented to you. If you request a more comprehensive plan, or desire additional advisory services, a new client agreement is required and additional fees are charged.

Services provided under the Ideal Retirement Solution™ terminate when the courses are complete or the written plan is presented. However, either party can terminate services at any time by submitting written notice to the other. Termination is effective upon receiving the notice. In the event of termination, Mr. Farrell provides a statement detailing the full refund to the client along with a full refund of all fees paid in advance.

### **Newsletters**

We contract with an outside vendor to prepare general, educational and informational newsletters. Newsletters are provided to clients and prospective clients free of charge.

### **Seminars**

We may also provide seminars in areas such as financial planning, retirement planning and estate and charitable planning. No fees are charged for such seminars. However, if we are hired by larger groups, such as corporations, we reserve the right to charge fees to cover the expenses incurred by us for presenting the seminars. In this case, all fees and payment provisions are fully disclosed to clients prior to the seminar being presented.

### **Asset Management Services**

Some of our clients elect to engage us to provide fee-based asset management services where we are solely responsible for making all investment recommendations and also for making changes to the managed account. If you elect to engage us for this service, we develop an individualized investment program for your account(s). We provide various investment strategies through our management services; a specific investment strategy and investment policy is crafted for you and focuses on your specific goals and objectives. When managing assets, we may also utilize model portfolios provided by institutional investment strategists and/or introduce you to investment managers who provide discretionary management of individual portfolios. Asset management services are separate from and in addition to the financial planning services previously discussed.

To provide these services, we need to obtain certain information from you to determine your financial situation and investment objectives. At least quarterly, you are reminded to notify us whether your financial situation or investment objectives have changed or if you want to impose and/or modify any reasonable restrictions on management of your accounts. At least annually, we contact you to determine whether your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on your managed accounts. We are always reasonably available to consult with you relative to the status of your accounts. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities. Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. A separate account is maintained for you with the custodian and you retain right of ownership of the account (e.g., the right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations).

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

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

### **Cooper McManus Asset Management Program**

We offer asset management services, including giving continuous investment advice and/or making investments for you based on your individual needs, goals and objectives. We offer a customized and individualized investment program, and our representatives meet with you to determine your investment objectives, risk tolerances and appropriate asset mixes.

We require that your assets be maintained in a brokerage account with TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC. Inc. ("TD Ameritrade"). See **Item 12, Brokerage Practices**, for additional discussion on our recommendation and use of TD Ameritrade. We assist you in establishing a managed account through TD Ameritrade and TD Ameritrade maintains custody of your funds and securities. Neither we nor our representatives act as custodian and we do not have access to your funds and securities except to have advisory fees deducted from your account by the custodian with your prior written authorization and then paid to us. There is no minimum required to establish a new account.

We are granted trading authorization on your accounts and provide management services on either a discretionary or non-discretionary basis. You must provide us with written authorization to exercise discretionary authority and can place reasonable restrictions and limitations on the authority and portfolio holdings. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

Fees for management services are charged as a percentage of assets under management that will not exceed 3% per year. The fee is negotiable based on the complexity of the client's situation, the possibility of additional account deposits, the history and relationship of the client to Advisor and the representative providing the services. Fees are billed quarterly in advance and calculated on the value of the account at the beginning of the quarter. Accounts opened mid-quarter are prorated based on the number of days that services are provided during the first billing period.

Fees are deducted from your account, and you must provide the custodian with written authorization to have the fees deducted and paid to us. At least quarterly, the custodian sends you a statement showing all disbursements from the account, including any advisory fees deducted.

TD Ameritrade may charge separately for maintaining custody of your accounts and may also charge brokerage commissions and/or transaction fees directly to you. We do not receive any portion of the commission or fees from either the custodian or from you. In addition, you may incur certain charges imposed by third parties other than us in connection with investments made through your account, including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. Our management fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each security prospectus.

Either party may terminate services at any time by providing written notice to the other party. Services are terminated immediately upon receipt of the notice. Fees are prorated based on the number of days services are provided prior to the effective date of termination, and you receive a billing statement detailing the fees charged and the prorated refund due to you.

### ***Financial Advisors Program and LifeGuide Program***

We provide asset management services through the Financial Advisors Program ("FAP") and LifeGuide Program ("LifeGuide") offered and sponsored by Securities America Advisors, Inc. ("SAA"), an investment advisor registered with the Securities and Exchange Commission. Both FAP and LifeGuide are wrap-fee programs providing investment advisory services and execution of client transactions and the specified fees are not based directly on transactions in your account. Under FAP and LifeGuide, our representatives assist you in establishing one or more FAP and/or LifeGuide accounts with SAA. There is a minimum of \$25,000 required to establish and maintain an FAP account and \$50,000 to establish and maintain a LifeGuide account. Exceptions to these minimums may be granted upon request (i.e., anticipated future deposits). All brokerage transactions are processed by Securities America, Inc. ("SAI"), the affiliated broker/dealer of SAA, and cleared through National Financial Services, LLC ("NFS") pursuant to a clearing arrangement established by SAI with NFS. Neither we nor our representatives act as custodian of your account or have direct access to your funds and/or securities.

SAA has also entered into agreements with various insurance companies that allow for the management and valuation of client variable annuity accounts within SAA's FAP and/or LifeGuide. NFS, insurance companies or other custodians maintain physical custody of all funds and securities. Please see **Item 15, Custody**, for additional information. Our representatives implement securities transactions for FAP and LifeGuide accounts in their separate capacity as a registered representative of SAI. See, **Additional Compensation**, below.

The annual management fee is negotiable, with 3.00% being the maximum charged. If the account has only mutual funds, then the maximum fee is 2.25%. SAA retains up to 20 basis points (0.20%) of the annual management fee for FAP accounts and up to 15% of the annual management fee for LifeGuide accounts. The remainder of the fee charged to you is paid to us. SAA is responsible for collecting all fees paid by you through FAP and journals our portion of the advisory fee to us. Please note that our fees may be higher than fees charged by other financial professionals providing similar services.

We may invest a portion of your assets in mutual funds, exchange traded funds (ETFs) or variable annuities and charge an investment management fee on your assets invested in these securities. Therefore, you may pay two levels of fees for management of your assets: one directly to us and one indirectly to the managers of the mutual funds, ETFs or variable annuities held in your portfolios.

A complete description of FAP and LifeGuide related fees, charges, when due and termination procedures are described in the FAP and LifeGuide Disclosure Brochure Appendices (Wrap Fee Program Brochures) prepared by SAA and which is given to you prior to or at the time an FAP and/or LifeGuide account is established.

### ***Hedge Fund Portfolios through Crystal Capital Partners***

Through a relationship with Crystal Capital Partners, LLC ("Crystal") we may provide our qualified clients with customized hedge fund portfolios. Crystal specializes in building customized hedge fund portfolios that help complement the existing holdings of client investments. With Crystal's services, we will have access to top tier hedge fund managers, detailed analytics, reporting and comprehensive due diligence previously only available to the largest institutions. Most customized accounts will be invested with investment managers or investment funds through a series fund organized by Crystal. The investment managers and investment funds that we recommend will be selected from a list that has been developed by Crystal, based on its quantitative and qualitative research of the managers and funds. After a client approves the customized portfolio that we recommend, the client will invest in a series or portfolio of Crystal Capital Fund Series, LLC (the "Crystal Fund"), that is managed by Crystal. The Crystal Fund is a private investment fund that has several segregated portfolios. Each portfolio is a separate pool of assets constituting a separate fund with its own investment objectives and policies.

The annual rate of our Advisory Fee for services to your Segregated Portfolio is negotiable, with 3.00 % being the maximum charged. If the Segregated Portfolio has only mutual funds, then the maximum fee is 2.25%. SAA retains up to 20 basis points (0.20%) of the Advisory Fee and the remainder of the Advisory

Fee charged to you is paid to us. The amount of Advisory Fees charged for services to your Segregated Portfolio will be set forth in the Subscription Documents that you execute. Via the Subscription Documents you will authorize the Crystal Fund to automatically charge the Advisory Fee to your Segregated Portfolio and direct the Advisory Fee to us and to SAA. The Advisory Fee charged for our services to your Segregated Portfolio are negotiable based on the composition of your Segregated Portfolio (i.e., equities versus mutual funds and ETFs), the potential for additional deposits to the Segregated Portfolio or other accounts receiving advisory services from us, and the total amount of your assets receiving management services from us.

We may invest a portion of your assets in mutual funds or exchange traded funds (ETFs) and charge our Advisory Fee on your assets invested in such securities. Therefore, for the assets in your Segregated Portfolio, you may pay fees directly to us and indirectly to the managers of the mutual funds and/or ETFs held in your Segregated Portfolio. In addition, the Crystal Fund will charge a Management Fee to each Segregated Portfolio for the services provided by the Crystal Fund. Details about the Management Fee paid to the Crystal Fund will be provided in the Subscription Documents.

### ***SEI Asset Management***

The SEI Asset Management Program ("SEI Program") is an institutional asset allocation program that we use when managing your assets. It is an alternative to the FAP and LifeGuide Program described earlier in this Disclosure Brochure. The SEI Program also allows us to manage your account on an individual basis.

When you sign up for this service, we help you establish an SEI Program account at SEI Trust Company ("SEI"). There is a minimum of \$100,000 required to invest in the SEI Program. All account transactions are processed and cleared through SEI. The SEI Program uses asset allocation portfolios developed by SEI Investments. The portfolios consist of SEI Family of Institutional Mutual Funds (Mutual Funds) and other securities approved by SEI to be held in an account. We provide SEI with the asset allocation policy (Asset Allocation Policy) that you select for your account. We direct SEI to reallocate your investments in accordance with your asset allocation policy. In addition, we direct SEI to rebalance the investments in your account at least quarterly so that the market value of the shares of each mutual fund held in the account is the same percentage of the total market value of the account as required by your Asset Allocation Policy.

SEI Program management fees are payable quarterly in arrears and based on assets under management at the end of the quarter. Management fees are automatically deducted from your account. Each quarter, SEI sends you an account statement that includes a management fee notification showing the computed fee, any adjustments to fee, an explanation of any adjustment and the net management fee deducted by SEI later in the period from your account. Management fees are paid to us. Up to 5% of the management fees may be paid to SAA for marketing and administrative services SAA provides to us.

Fees charged to you in the SEI Program do not exceed 1.75%, including the portion paid to us. SEI may charge a separate custodial fee for the custody services it provides to your account. Mutual funds held in the account pay their own advisory fees and other expenses, which are explained in each fund's prospectus. These fees and expenses are separate charges from the account management fees.

You may terminate the SEI Program account at any time by notifying us, and termination is effective upon receiving that notice. If services are terminated within five business days of executing the client agreement, services are terminated without penalty. After the initial five business days, you may be responsible for paying fees for the number of days services were provided by us prior to receiving the termination notice.

### ***Managed Opportunities Program***

We have established a relationship with SAA to participate in its Managed Opportunities Program ("Managed Opportunities"). Managed Opportunities is a wrap fee program developed by SAA that provides clients with the opportunity to establish mutual fund portfolios, separate account portfolios and

unified managed account portfolios developed by third party money managers who are registered as investment advisors (collectively referred to as sub-advisors).

Through Managed Opportunities, we act as a referral party when referring you into the mutual fund portfolios, separate account portfolios and unified managed account portfolios options in Managed Opportunities.

Managed Opportunities offers us directed portfolios through which we can work and advise you in selecting investments constituting a portion of Managed Opportunities. Your portfolio may also be managed by SAA or other sub-advisors that SAA has established relationships with. You grant SAA and the sub-advisors limited discretionary authority with respect to the purchase and sale of securities in mutual fund portfolios, separate account portfolios and unified managed account portfolios and also grant us discretionary authority with respect to the initial Managed Opportunities master account and advisor directed portfolios. This discretionary authority allows us to trade, rebalance, reallocate and replace funds within the guidelines of your suitability and risk tolerance.

We do not refer you to SAA unless SAA and the sub-advisors are registered or are exempt from registration as investment advisors in your state of residence. You grant SAA the discretionary authority to select one or more sub-advisors to provide administrative, web site, performance reporting, transaction order entry and other services to SAA and clients. SAA currently has a relationship with Oberon to provide these services. Clients establishing Managed Opportunities accounts receive Oberon's Disclosure Brochure in addition to SAA's Disclosure Brochure.

We are always responsible for assisting you with identifying your risk tolerance and investment objectives and are available to meet with you on a continuous basis. We recommend managers and help determine appropriate investment strategies in relation to your stated investment objectives and risk tolerance. Although the third-party investment managers are responsible for making all investment decisions, we are available to answer questions you may have regarding your account and act as the communication conduit between you and the investment manager.

Although we review the performance of numerous third-party investment managers, we are only able to select the investment managers approved by SAA and thus available on the Managed Opportunities platform. Therefore, we have a conflict of interest because we do not recommend third-party investment managers to you if the investment manager is not available through Managed Opportunities.

The annual management fee is negotiable, with 3.00% being the maximum charged. If the account has only mutual funds, then the maximum fee is 2.25%. Fees are billed monthly. SAA is responsible for collecting all fees paid by you through these programs and then journaling our portion of the advisory fees to us.

You should be aware that we are paid solicitor/referral fees by SAA for recommending mutual fund portfolios, separate account portfolios and unified managed account portfolios. SAA also shares fees with the sub-advisors. The amount of compensation we receive for recommending one Managed Opportunities portfolio over another portfolio may vary. Therefore, a potential conflict of interest may exist because these circumstances may result in us having a financial incentive to recommend one portfolio over another. However, portfolios are selected and recommended based on each individual client's needs, goals and objectives.

Trading by Managed Opportunities money managers may trigger wash sale rule implications. SAA does not manage accounts in the Managed Opportunities in a way to avoid wash sale implications. You are encouraged to consult with a tax advisor to discuss any tax implications involving your portfolios in Managed Opportunities.

A complete description of Managed Opportunities and related fees, charges, when due and termination procedures are described in SAA's Managed Opportunities Disclosure Brochure Appendices (Wrap Fee Program Brochure) which you receive at or prior to the time a Managed Opportunities account is established.



You are advised that there may be other third-party managed programs, not recommended by us, that are suitable for you and that may be more or less costly than arrangements recommended by us. No guarantees can be made that your financial goals or objectives will be achieved by a third-party investment advisor recommended by us. Further, no guarantees of performance can ever be offered by us.

### **Retirement Plan Services**

Advisor offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. Our services can include, but are not limited to, the following services:

#### **Non-Discretionary Advisory Services**

- **Assessment of Investments.** Conduct an initial and/or periodic review of plan investments and investment options including, without limitation, investment performance, fund expenses and style drift for investments offered by the plan to participants; provide suggestions to the plan fiduciary from time to time as deemed warranted by the Advisor's representative for other investment options for the plan to make available to its participants (which decision remains the sole and exclusive decision of the plan fiduciary and/or their delegate).
- **Participant Investment Advice.** Meet at least annually with plan participants to deliver investment advice based upon the plan participant's individual financial situation, investment objectives and tax status pursuant to the terms set forth in an *Eligible Investment Advice Arrangement* Advisor and the plan fiduciary which will qualify for exemptive relief from the prohibited transaction rules provided under ERISA Section 408(b)(14) and (g). Advisor's representative prepares recommendations regarding the appropriate amount of contributions and choice of investments, which plan participants may implement at their sole discretion.

Pursuant to a separate agreement, Advisor's representative may also provide comprehensive financial planning services (which may include but not necessarily be limited to: retirement planning, education planning, planning for major purchases, life and disability insurance needs, long-term care needs, and/or estate planning issues) to the plan participants if they so elect. Under the terms of that separate agreement, plan participants may receive written financial plans from the representative that may include investment advice concerning the plan participants' plan assets as well as their assets held outside of the plan.

#### **Discretionary Advisory Services**

- **Default Investment Alternative Management.** Develop and actively manage qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), to allocate the assets of plan participant accounts to achieve varying degrees of long term appreciation and capital preservation through a mix of equity and fixed income exposures, offered through investment alternatives available under the plan, based upon the plan participants' age, target retirement date or life expectancy.
- **Investment Manager to Plan.** Meet with the plan fiduciary and/or their delegate to select approved asset classes, and maintain model portfolios on a discretionary basis, including the investing, rebalancing of assets, changing of the asset allocations, or changing the underlying model portfolios. Recommend, maintain and periodically update the list of mutual funds to the plan for inclusion as investment options available to plan participants. The plan fiduciary appoints Advisor as an "investment manager" and Advisor acknowledges its status as "investment advisor" for purposes of ERISA Section 3(38) to the extent it is providing discretionary advisory services. The Advisor has full discretion over fund changes within the approved asset classes and will communicate its decisions to the plan fiduciary on a reasonable basis.

Advisor will exercise this authority in accordance with objectives set forth by the plan fiduciary as may be amended from time to time and in accordance with additional written guidelines and/or investment policies provided by the plan fiduciary. Otherwise, the plan fiduciary must only approve changes to the asset classes. Unless otherwise directed by the plan fiduciary, Advisor will arrange for the execution of securities transactions for the Plan through brokers or dealers that Advisor reasonably believes will provide the best execution.

#### Non-Fiduciary Services

- **Participant Education and Communication.** Advisor conducts initial and/or periodic enrollment and informational meetings with plan participants and provides investment education. In accordance with the Department of Labor's Interpretative Bulletin 96-1, Advisor may provide plan participants with information about the plan, general financial and investment information and information and materials relating to asset allocation models available through the plan. Advisor may also provide plan participants with interactive investment materials to assist plan participants in assessing their future retirement income needs and the impact of different asset allocations on retirement income. Advisor does not render individualized investment advice to plan participants and will not be held to a fiduciary standard for these services.
- **Strategic Planning and Investment Policy Services.** Advisor meets with the plan fiduciary to gather information regarding the plan's investment policies and objectives and assist the plan fiduciary in developing a written Investment Policy Statement ("IPS"). This assistance may include using a template developed by a third-party. Alternatively, if the plan has an existing IPS, Advisor reviews the existing IPS and assists the plan fiduciary in determining whether the plan is performing consistent with the IPS and/or whether the IPS needs to be revised, based on an analysis of the plan's asset class and risk tolerance guidelines, liquidity requirements, and performance goals of the plan, using information provided by the plan fiduciary. Advisor does not render individualized investment advice to the plan for these services and, thus, will not be held to a fiduciary standard with respect to such services. The plan fiduciary retains sole discretion to implement the objectives of the Investment Policy Statement, and neither Advisor nor its representative can guarantee that the plan will achieve its investment objectives.
- **Plan Establishment/Conversion.** Advisor assists the plan fiduciary in researching and evaluating the plan sponsor's needs to facilitate the plan fiduciary's selection of a well-suited plan. Advisor's primary role is to present retirement plan providers ("RPP"), which make the investment options available to the plan or deliver the investments on a platform and which can address services separately or which may offer bundled and integrated delivery of retirement plan support. Advisor assists the plan sponsor and/or plan fiduciary in identifying different types of retirement plans, plan documents, and other materials and services necessary to establish, maintain or convert a retirement plan. Advisor does not render individualized investment advice to the plan when providing these services and, thus, will not be held to a fiduciary standard with respect to any services rendered. Advisor meets with the plan fiduciary to assist with plan conversion to alternate vendors. Advisor may also assist in the preparation of Request for Proposals ("RFPs") from prospective new vendors and may assist the plan fiduciary in reviewing and comparing responses to RFPs. Advisor does not render individualized investment advice to the plan for services rendered hereunder and, thus, will not be held to a fiduciary standard with respect to such services. The plan fiduciary retains sole discretion as to whether to replace existing vendors and/or contract with new vendors.
- **Plan Review.** Advisor meets with the plan fiduciary and conducts a review of the IPS and plan design and offers recommendations to the plan fiduciary regarding plan operation and documentation. Advisor does not provide legal advice to the plan fiduciary and the plan fiduciary is encouraged to have legal counsel review all plan documentation. Advisor does not render individualized investment advice to the plan for services rendered hereunder and, thus, will not be held to a fiduciary standard with respect to such services.

- **Plan Fee and Cost Review.** Advisor meets with the plan fiduciary and conducts a periodic review, using a third-party tool, of fees and costs charged to plan by other service providers to assist the plan fiduciary in discharging its duty to monitoring the reasonableness of fees and costs paid by the plan. Advisor does not render individualized investment advice to the plan for services rendered hereunder and, thus, will not be held to a fiduciary standard with respect to such services.
- **Third Party Service Provider Liaison.** Advisor and its representative act as liaison for the plan and the plan fiduciary, on an as needed basis, when dealing with the trustee, custodian, plan actuary, tax, legal, accounting or other third-party service providers to plan. Advisor does not render individualized investment advice to the plan for services rendered hereunder and, thus, will not be held to a fiduciary standard with respect to such services. The plan fiduciary retains sole discretion as to whether to hire and/or terminate such third-party providers.

Plan services are for a one year period. Services may be terminated without penalty within five days of signing the client agreement. Thereafter, either party can terminate services by providing 60 days' prior written to the other party. Upon termination, any prepared but unearned fees are refunded to the client. Advisor delivers a final billing statement for unbilled work performed prior to termination and fees are payable within 30 days of receiving the billing statement.

### Compensation

Fees for services are charged as a percentage of plan assets with a maximum of 3% charged annually. Fees are negotiable based upon the complexity of the plan, the composition of plan assets, the actual services provided, the client's relationship with Advisor and other client accounts. The agreed upon fee is disclosed to the client prior to any services being provided. Fees are billed in advance either monthly or quarterly, depending upon the plan, and calculated as the average daily balance of the account during the billing period. Accounts opened mid-period are prorated based on the number of days that services are provided in the billing period. Retirement plan sponsors may elect to pay all or a portion of fees for the individualized services provided by Advisor to the plan participants.

Clients can elect to have the fee deducted from their account or billed directly and due upon receipt of the billing notice. If clients elect to have the fee automatically deducted from an existing account, they are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to Advisor. Advisor provides the custodian with a fee notification statement.

Retirement plan services are for a term of one year. Either party may terminate services by providing written notice to the other party. Termination is effective upon receiving that notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Fees are prorated based upon the number of days services were provided during the calendar quarter. Any prepaid but unearned fees are promptly refunded to the client and Advisor provides a detailed billing statement.

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

### Additional Information

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



In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or plan administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

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

### **Third Party Money Managers**

We act a solicitor and refer clients to unaffiliated third party investment advisors offering asset management and other investment advisory services. We perform due diligence in selecting the third party money managers recommended. Third-party investment advisors recommended by us must be registered or exempt from registration in the state where you client reside. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

Through this service, we assist you to identify your risk tolerance and investment objectives and then recommend money managers relative to those objectives and tolerances. You select a recommended third party investment advisor based on your needs and enter into an agreement directly with the selected advisor, who provides the asset management services. Our representatives are available to answer client questions regarding your account. Our representatives also act as the communication conduit between you and the third-party investment advisors.

Third party managed programs generally have account minimum requirements and these minimum requirements vary from investment advisor to investment advisor. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the third party investment advisor's services, fee schedules and account minimums are disclosed in the third party investment advisor's Disclosure Brochure that is provided to you at the time an agreement for services is executed and an account established. The type and frequency of reports provided to you also depends on the third party investment advisor selected.

Third-party investment advisors may take discretionary authority to determine the securities to be purchased and sold for you. We do not have any discretionary authority and are not responsible for selecting investments or implementing trades in your accounts. We are responsible for determining the initial and on-going suitability and also for maintaining your current information.

When referring clients to third party money managers, we are paid a portion of the fee charged and collected by the third party investment advisor in the form of solicitor fees or consulting fees. You do not directly pay us for this referral service and our solicitor/referral fee does not appear as a direct cost to you. However, the third party money manager takes our solicitor/referral fee into consideration when determining the total fee charged to you. The third party money manager also considers other factors when determining the fee, such as the amount of assets under management and the number of client accounts. The actual fee charged to you varies depending on the third party investment advisor selected.

We reviewed the performance of numerous third-party investment advisor firms and recommend the programs described below. You are advised that there may be other third party managed programs that may be suitable to you and that may be more or less costly. No guarantees can be made your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

## ***SEI Tax Controlled Program***

The SEI Tax Controlled Program (TC Program) is sponsored by SEI Investments Management Corporation (SIMCO). To participate in the TC Program, you, SIMCO and we execute a tri-party agreement (Tax Controlled Agreement) providing for the management of certain of your assets. Under the Tax Controlled Agreement, you appoint us as your investment advisor to assist you in selecting an asset allocation strategy. This strategy includes a percentage of your assets allocated to designated portfolios of separate securities (separate account portfolio) and may include the percentage of assets allocated to a portfolio of mutual funds sponsored by SIMCO or its affiliate. You appoint SIMCO to manage the assets in each separate account portfolio in accordance with a strategy selected by you with our assistance. SIMCO may delegate its responsibility for selecting particular securities to one or more portfolio managers. The TC Program seeks to manage taxes within each separate account portfolio through individually managed U.S. equity and/or laddered municipal bond component(s) within the structure of a globally diversified portfolio in order to meet your long-term goals of managing taxes while controlling risk. You may terminate the TC Program account at any time, and termination is effective upon SIMCO receiving the notice. If services are terminated within five business days of executing the client agreement, services are terminated without penalty. After the initial five business days, you may be responsible for paying fees for the number of days services are provided by SIMCO prior to receiving the termination notice.

TC Program client management fees are payable quarterly, in arrears, based on assets under management at the end of the quarter. Management fees are automatically deducted from your account. Each quarter SEI sends you an account statement that includes a management fee notification showing the computed fee, any adjustments to fee, an explanation of any adjustment and the net management fee to be deducted later in the period from your account.

We do not act as custodian for any TC Program accounts. NFS, Pershing, LLC or other custodians maintain custody of all funds and securities. Custodial fees and internal mutual fund expenses are separate from the TC Program client fees.

The fees payable by you to SIMCO for the individually managed U.S. large cap equity component are as follows:

- 0.85% for the first \$2,000,000
- 0.75% for the next \$4,000,000
- 0.65% for the next \$4,000,000
- 0.55% for the next \$10,000,000

The fees payable by you to SIMCO for the individually managed municipal bond component are as follows:

- 0.60% for the first \$1,000,000
- 0.55% for the next \$2,000,000
- 0.45% for the next \$2,000,000
- 0.35% for the next \$5,000,000

The fees payable under the TC Program do not exceed 1.75%. Securities America Advisors, Inc. ("SAA") retains up to 5% of the annualized fee paid to us for administrative and marketing services. We are paid the balance of the annualized fee paid by you.

## ***Independent Managed Assets Program***

Through this service, we are able to establish agreements directly with third-party money managers offering a wide range of advisory services, including asset allocation, market timing and portfolio management. We can then refer you to a third-party money manager and the third-party money manager provides asset management and investment advisory services directly to you. This means the third-party money manager is responsible for continuously monitoring your accounts and making trades in your

accounts when necessary. You must enter into an agreement directly with the unaffiliated third-party investment advisor.

As previously explained, when you agree to engage a third-party investment advisor we recommend, we are considered a solicitor and we are paid a portion of the fee charged and collected by that advisor. We are always responsible for assisting you with identifying your risk tolerance and investment objectives. We recommend third-party investment advisors and help determine appropriate investment strategies in relation to your stated investment objectives and risk tolerance.

Although the third-party investment advisor is responsible for making all investment decisions, we are available to answer questions you may have regarding your account and act as the communication conduit between you and the third-party investment advisors. The third-party investment advisors we recommend generally require discretionary authority to determine the securities to be purchased and sold in your accounts. Neither we nor our representatives have any trading authority with respect to your managed account(s) with the third-party investment advisor(s).

We are limited in this program because we can only select the services of money managers approved through Securities America Advisors, Inc.'s ("SAA") Independent Managed Assets Program ("IMAP"). One or more of these money managers may be affiliated entities of SAA.

You are advised that there may be other third-party managed programs, not recommended by us, that are suitable for you and that may be more or less costly than arrangements recommended by us. No guarantees can be made that your financial goals or objectives will be achieved by a third-party investment advisor recommended by us. Further, no guarantees of performance can ever be offered by us. See **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss**, for more details.

Trading by IMAP money managers may trigger wash sale rule implications. You are encouraged to consult with a tax advisor to discuss any tax implications involving your portfolios in the IMAP program.

If we recommend a third-party investment advisor to you, a complete description of that advisor's services, fee schedules and account minimums is provided in the advisor's Form ADV Disclosure Brochure or Wrap Fee Program Brochure. These brochures are provided to you when we initially recommend the third-party investment advisor.

While the actual fee charged to you varies depending on the third-party investment advisor utilized, the portion retained by us in the form of solicitor fees or consulting fees will not exceed 3%. All fees are calculated and collected by the selected third-party investment advisor firm who is responsible for delivering our portion of fee to us.

SAA receives a portion of the solicitor fee, a marketing override or an administrative fee for providing administrative and marketing services. You may incur additional charges including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. We will never receive any portion of such commissions or fees. We are only compensated by the consulting fee described above. We receive no other compensation in connection with your account managed by a third-party investment advisor. When we negotiate lower fees and expenses charged by third parties, all negotiated improvements are for your benefit.

### **Additional Compensation**

You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any recommendations made by our representatives. If you do decide to implement recommendations, you are responsible for taking any actions or implementing any transactions required. You are free to select any broker/dealer and/or insurance agent to implement our recommendations.

You should be aware that our representatives are also registered representatives of Securities America, Inc., a registered broker/dealer and member of FINRA/SIPC. In this separate capacity, they can receive a

commission for selling securities products. This is a potential conflict of interest. As a registered representative, they may sell mutual funds and receive 12(b)-1 fees in addition to commissions. The 12(b)-1 fees, named after a section of the *Investment Company Act of 1940*, are annual marketing or distribution fees and considered an operational or administrative expense. The fees are included as a part of the mutual fund's total expense ratio and paid from fund assets. Therefore, the fees come indirectly from your account. Every mutual fund prospectus includes a description of the fund's fees and expenses. Receiving 12(b)-1 fees represents an incentive for a registered representative to recommend funds with 12(b)-1 fees or with higher 12(b)-1 fees than funds with no fees or lower fees. This is also a potential conflict of interest. Our representatives will only recommend mutual funds to you if those funds are suitable for you and appropriate to help fulfill your objectives.

Our representatives may also occasionally implement programs under which they are eligible to win nominal awards for certain sales efforts including, but not limited to, establishing new accounts or placing additional assets under management. These programs do not change the fees you pay for advisory services or amounts that are invested in any product purchased for you.

In addition, our representatives may also be independently licensed as insurance agents and sell insurance products to any client. The representatives can earn commissions when selling insurance products in this separate capacity. This is a potential conflict of interest, since any commissions earned could be in addition to advisory fees earned in their capacity as an investment advisor representative.

Please see **Item 10, Other Financial Activities and Affiliations**, and **Item 12, Brokerage Practices**, for additional discussion on these conflicts of interest.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. Both we and our representatives endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact the judgment of our representatives when making advisory recommendations.

### **Comparable Services**

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

The amount of compensation we may receive in a particular program may be more than would be received if you participated in other SAA programs or paid separately for investment advice, brokerage and other services. You may wish to consider the following factors when determining the reasonableness of advisory fees charged:

- The fee charged for developing an asset allocation study and/or developing an investment strategy
- Transaction and custody costs or other miscellaneous fees and taxes and/or charges, as well as commissions or mark ups and mark downs, on the purchase and/or sale of securities
- The cost of producing a quarterly performance report covering managed assets
- The value of the consulting service provided by Advisor in designing and monitoring your managed assets
- The cost of investment advice provided by SAA and Advisor

- The cost of the additional administrative, marketing, asset management, and other support services that may be provided by SAA and (when applicable) any sub-advisors used in managing a program account

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not receive performance-based fees.

## **Item 7 – Types of Clients**

We provide investment advice to the following types of clients:

- Individuals (including high-net worth individuals)
- Pension and profit sharing plans
- Trusts, estates or charitable organizations
- Corporations or business entities other than those listed above

### **Minimum Investment Amounts Required**

There is a minimum fee of \$1,000 per year for ongoing consultation services, although this is negotiable based on your circumstances and the actual services provided.

There is a minimum of \$25,000 required to establish and maintain an FAP account and \$50,000 for a LifeGuide account. The minimum investment required for the SEI Program is \$100,000. As a general rule, SAA requires a minimum of \$50,000 to establish and maintain Managed Opportunities mutual fund portfolios, \$100,000 for separate account portfolios, \$250,000 for unified managed account portfolios and \$50,000 for advisor directed portfolios. In order to participate in the hedge fund portfolios through Crystal Capital Partners, a client must be a qualified client and meet the minimum requirements to invest in the Segregated Portfolio of the hedge fund, as specified in the Subscription Documents for the Crystal Fund.

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

### **Methods of Analysis**

We use fundamental analysis when considering investment strategies and recommendations for clients. Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

We evaluate the potential benefits and risks inherent within investment categories. Investment characteristics are then matched to the client's needs and preferences to determine an appropriate mix of investment vehicles. Individual securities within a particular investment category are selected based on



fundamental analysis. When managing assets, we may use model mutual fund asset allocation portfolio programs provided by a number of institutional investment managers and strategists.

There are risks with using this analysis method. Fundamental analysis takes a long-term approach to analyzing markets, often looking at data over a number of years. The data reviewed is released over years (e.g., quarterly financial statements). Therefore, fundamental analysis could mean a gain is not realized until a security's market price rises to its "correct" value over the long run--perhaps several years. The less frequent trading practices of fundamental analysis could also have a positive or negative impact on a client's portfolio value, but likely has reduced brokerage and transaction costs.

### **Investment Strategies**

When implementing investment advice, our investment strategies include:

- Long term purchases (securities held at least a year.)
- Short term purchases (securities sold within a year.)
- Trading (securities sold within 30 days)
- Margin transactions (Investor pays for part of the purchase and borrows the rest from a brokerage firm; e.g., investor buys \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Advisor.)
- Option writing (Including covered options, uncovered options or spreading strategies.) (Note: options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.)

On occasion, Advisor may recommend and/or participate in the purchase of initial public offerings (IPOs). Because Advisor's representatives are registered representatives of Securities America, Inc. (SAI), a registered broker/dealer, any IPO transactions are serviced by SAI. SAI and its affiliate, Securities America Advisors, Inc. (SAA), an investment advisor registered with the U.S. Securities and Exchange Commission, are owned by Securities America Financial Corporation which, in turn, is a wholly-owned subsidiary of Ladenburg Financial Services, Inc. (LTFS). LTFS is an affiliate of Ladenburg Thalmann & Co., Inc. (Ladenburg) which may act as a principal for any IPO purchases by Advisor. Ladenburg may receive compensation in connection with a client's purchase of IPOs that are in addition to Advisor's advisory fees. Ladenburg may pay a portion of the compensation it receives to SAI which, in turn, may pay your investment advisor representative a portion of the fee that would be in addition to the original fees charged for Advisor's services.

We also use model asset allocation portfolio programs provided by a number of institutional investment managers and strategists.

We gather information from financial newspapers and magazines, research materials prepared by others, and annual reports, prospectus and other filings with the Securities and Exchange Commission.

### **Risk of Loss**

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- **Market Risk.** Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- **Equity (Stock) Market Risk.** Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change.

Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.

- Company Risk. There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- Options Risk. Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- Fixed Income Risk. Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk. ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- Management Risk. Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you borrow part of the purchase price then you are engaging in margin transactions and there is risk involved with this. The securities held in your margin account are collateral for the custodian or clearing firm that loaned you the money. If those securities decline in value, then the value of the collateral supporting your loan also declines. As a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, including:

- You can lose more funds than you deposit in your margin account
- The account custodian or clearing firm can force the sale of securities or other assets in your account
- The account custodian or clearing firm can sell your securities or other assets without contacting you
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and are not required to provide you advance written notice
- You are not entitled to an extension of time on a margin call

### **Primarily Recommend One Type of Security**

We do not recommend any specific security to clients. Instead, we recommend any product that may be suitable for each client relative to their specific circumstances and needs.

### **Item 9 – Disciplinary Information**

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our brochure.

### **Item 10 – Other Business Activities & Industry Affiliations**

We are not and do not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- An insurance company or agency
- A lawyer or law firm
- A pension consultant
- A sponsor or syndicator of limited partnerships

We are an independent registered investment registered advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment advisor representatives with us.

### **Registered Investment Advisor**

We are also the sole owner of Gainsborough Financial Consultants, Inc., (“Gainsborough”) an investment advisor registered with the Securities and Exchange Commission. Thus, Gainsborough is an affiliated entity. Although Gainsborough also provides advisory services, its services are separate from those provided by us and separate client agreements are required for clients engaging Gainsborough’s services. However, because of the affiliation, and because our owners share in the profits earned by Gainsborough, there is a conflict of interest. You are under no obligation to use the advisory services of Gainsborough.

### **Securities Sales**

Our representatives are also registered representatives of Securities America, Inc. You can engage them in this separate capacity to render securities brokerage services under a commission arrangement. Our representatives may have a financial incentive to recommend that a financial plan be implemented using a certain product or service. This is a conflict of interest because they could receive commissions in their capacity as a registered representative and could also receive advisory fees in their capacity as an investment advisor representative.

You are under no obligation to use the services of our representatives in this separate capacity or to use Securities America, Inc. and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use Securities America, Inc. Prior to effecting any transactions, you are required to enter into a new account agreement with Securities America, Inc. The commissions



charged by Securities America, Inc. may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

### **Insurance Sales**

Some of our representatives are also independently licensed to sell insurance products through various insurance companies. When acting in this capacity, they may receive fees or commissions for selling these products. You are under no obligation to direct insurance transactions to insurance companies with which our representatives may be licensed. Suitable insurance and investment products may be available from other companies.

### **Third-Party Money Managers**

As described in **Item 5, Fees and Compensation**, we have formed relationships with independent, third-party money managers.

We may recommend clients work directly with third-party money managers. When we refer clients to a third party money manager, we receive a portion of the fee charged by the third party money manager. Therefore, we have a conflict of interest because we only recommend third party money managers that agree to compensate us by paying us a portion of the fees billed to your account managed by the third party money manager.

### **Real Estate Services**

Tonya L. Collier, one of our representatives, is a licensed real estate agent in the State of California. However, she does not provide real estate services to our advisory clients.

### **Accounting Services**

Some of our representatives are involved in various accounting and tax preparation activities. Michael C. Flynn is a Certified Public Accountant but does not currently provide accounting services. Arthur R. Harrington provides tax preparation and planning services through Harrington Financial Services, PC. Melvin L. Varrelman is the owner of Mel Varrelman Financial Services and provides tax and accounting services through this entity.

Paul B. Anderson is also a Certified Public Accountant and the owner of Paul B. Anderson CPA Tax and Accounting Services.

Clients needing assistance with tax preparation and/or accounting services may be referred to these individuals. However, clients are not obligated to use their services.

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary and has a fiduciary duty to clients. We have established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects our fiduciary obligations and those of our supervised persons and requires compliance with federal securities laws. Our Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment advisor representatives are classified as supervised persons. We require our supervised persons to consistently act in clients’ best interests in all advisory activities. We impose certain

requirements on our affiliates and supervised persons to ensure that they meet our fiduciary responsibilities to clients. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is only intended to provide current and potential clients with a description of our Code of Ethics. If current or potential clients wish to review the Code of Ethics in its entirety, a copy will be provided promptly upon request.

Some of our representatives are also Certified Financial Planners<sup>™</sup> (CFP<sup>®</sup>) and abide by the Code of Ethics and Responsibility of the Certified Financial Planner<sup>™</sup> Board of Standards, Inc. The Code of Ethics and Responsibility requires CFP<sup>®</sup> certificants to not only comply with all applicable laws and regulations but to also act in an ethical and professional responsible manner in all professional services and activities. The principles guiding CFP<sup>®</sup> certificants are:

- Integrity
- Objectivity
- Competence (in providing services and maintaining knowledge and skills to do so)
- Fairness (to clients, principals, partners and employers and disclosing any conflicts of interest in providing services)
- Confidentiality (keeping all client information confidential without the specific client consent unless in response to legal process or in defense of charges of wrongdoing or civil dispute)
- Professionalism
- Diligence

You can obtain a copy of the Code of Ethics and Responsibility Code by requesting a copy from us.

### **Participation in Client Transactions and Personal Trading**

We and our representatives may buy or sell securities for our own accounts that are recommended to clients. We may also recommend the purchase or sale of different securities for different clients at different times. This could result in contrary advice being given or action taken on behalf of clients and in our personal accounts and our representatives' personal accounts.

We are and will continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. To prevent conflicts of interest, we developed policies and procedures that include personal investment and trading policies for our representatives, employees and our immediate family members (collectively, "associated persons"):

- Associated persons do not prefer their own interests to that of the client
- Associated persons do not purchase or sell any security for their personal accounts prior to implementing transactions for client accounts
- Associated persons do not buy or sell securities for their personal accounts when those decision are based on information obtained as a result of their employment, unless that information is also available to the investment public upon reasonable inquiry
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider"
- Associated persons are discouraged from frequent personal trading
- Associated persons are generally prohibited from serving as board members of publicly-traded companies unless an exception has been granted by our principal officers and/or Chief Compliance Officer

To the extent we or an associated person maintain an outside account, the associated person must make arrangements to send quarterly statements to us, complete an annual certification concerning their personal securities activities and provide additional information about personal trading activities as may

be required under our insider trading policy and Code of Ethics. Any associated persons not observing our policies may be subject to sanctions up to and including termination.

### **Agency Cross Transactions**

Our associated persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

## **Item 12 – Brokerage Practices**

### **Securities America, Inc.**

If you elect to implement our advice, you are free to select any broker you wish. If you elect to have our representatives implement the advice in their capacity as registered representative or through one of the Securities America Advisors, Inc. (“SAA”) programs detailed in **Item 5, Fees and Compensation**, then our representatives’ broker/dealer, Securities America, Inc. (“SAI”) will be used.

Not all investment advisors require the use of a particular broker/dealer. Some investment advisors allow their clients to pick which broker/dealer the client uses. However, in order to provide efficient services and based on the arrangement with SAI, we require the use of SAI when opening an account through our programs. We are limited in the broker/dealer or custodians we are allowed to use due to our relationship with SAI. SAI may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

Because our representatives are registered representatives of SAI, they are required to use the services of SAI and SAI’s approved clearing broker/dealers when acting in their capacity as registered representatives. SAI serves as the introducing broker/dealer. All accounts established through SAI are cleared and held through National Financial Services, LLC. SAI has a wide range of approved securities products for which it performs due diligence prior to selection. SAI’s registered representatives are required to adhere to these products when implementing securities transactions through SAI. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. Because our representatives are also registered representatives of SAI, SAI provides compliance and supervision support to our representatives. In addition, SAI provides our representatives, and therefore us, with back-office operational, technology and other administrative support.

Economic benefits are provided to us by SAI that are not provided if you select another broker/dealer or account custodian. These benefits may include:

- Negotiated costs for transaction implementation
- A dedicated trade desk that services SAA/SAI participants exclusively
- A dedicated service group and an account services manager dedicated to our accounts
- Access to a real-time order matching system
- Electronic download of trades, balances and position information
- Access, for a fee, to an electronic interface with the account custodian’s software
- Duplicate and batched client statements, confirmations and year-end reports

Please all see **Item 5, Fees and Compensation**, for additional information about advisory services and implementing recommendations.

### **TD Ameritrade Institutional**

If you contract for services under the Cooper McManus Asset Management Program, you are required to establish an account at TD Ameritrade. TD Ameritrade provides us with access to their institutional

trading and custody services, which are typically not available to retail investors. The services from TD Ameritrade include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

TD Ameritrade also makes available to us other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts. TD Ameritrade also makes available other services intended to help us manage and further develop our business. These services may include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing

In addition, TD Ameritrade may make available, arrange and/or pay for these types of services rendered to us by independent third party providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our requirement that you maintain your assets in accounts at TD Ameritrade may be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by TD Ameritrade. This may create a potential conflict of interest.

### **Best Execution**

While we do not allow directed brokerage, we must still use reasonable diligence to make certain that best execution is obtained for clients when implementing any transactions. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions surrounding the transaction execution is in the best interests of clients. When considering best execution, our associated persons look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with existing systems of the advisor, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered. We perform periodic reviews to determine that the relationship with SAI and NFS are still in the best interests of clients.

### **Soft Dollar**

Investment advisors may direct portfolio brokerage commissions to a particular broker/dealer in return for services and research used in making investment decisions in client accounts. The commissions used to acquire these services and research are known as “soft dollars.” Section 28(e) of the *Securities Exchange Act of 1934* provides a “safe harbor” that allows an investment advisor to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

Although we don’t allow directed brokerage, we may still receive products and services from SAI, SAA or other program sponsors and product issuers. These products and services may be used for both research and non-research purposes and allows us to supplement, at no cost, our own research and analysis activities. These products and services can include, but are not limited to:

- Reports, publications and data on matters such as the economy, industries, sectors and individual companies or issuers, statistical information, account and law interpretations, political analyses, legal developments affecting portfolio securities, technical market actions, credit analyses, risk management and analyses of corporate responsibility issues
- On-line news services and financial and market database services
- Information management systems integrating quotation and trading, performance management, accounting, recordkeeping and document retrieval and other administrative matters
- Meetings, seminars, workshops and conferences with representatives of issuers, program sponsors and/or other analysts and specialists

Research obtained with soft dollars is not necessarily utilized for the specific account that generated the soft dollars. We do not attempt to allocate the relative costs or benefits of research among clients because we believe that, in the aggregate, the research we receive benefits all clients and assists us in fulfilling our overall duty to clients.

These arrangements may be deemed to create a conflict of interest to the extent that we would have to pay for some or all of the research and/or services with “hard dollars” if we were unable to obtain the research and services in exchange for commissions in connection with client transactions. Client trades are always implemented based on the goals and objectives of the client and not on any research, products or other incentives available.

### **Handling of Trade Errors**

If you elect to implement transactions through our representatives, they do so in their separate capacity as registered representatives of SAI. SAI has execution and clearing arrangements with Fidelity Capital Markets (“FCM”), a division of NFS.

We have implemented procedures designed to prevent trade errors when implementing transactions. However, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. FCM is contacted immediately about any trade error except those in mutual funds. SAI’s Trade Department is contacted to report and correct any error in mutual fund trades. Trading errors are usually corrected after the trade settles and may take 5-7 days to finalize.

If we, our representatives, SAI or FCM are responsible for making a trade error in a client account, the error is corrected and the client account is restored to where it would have been had the trade error not occurred. Any profit from the trade correction is retained by SAI or FCM. Neither we, our representatives nor the client retain profits from a trade correction.

### **Block Trades**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and may be used by us when we believe such action may prove advantageous to clients. If and when we aggregate client

orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions are averaged as to price and allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation or remuneration as a result of block trades.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Since segmented financial planning services, limited consultations and Ideal Retirement Solution™ services terminate upon completion of the services, no ongoing reviews are performed. However, we recommend that you have your financial situation reviewed at least annually. Additional fees may be charged and you may be required to execute a new client agreement for additional services. If you contract for full financial planning services, you also receive 12 months of ongoing consultation services regarding financial planning and investment matters at no additional charge. These ongoing services include at least an annual review and update of your financial plan but you may request more frequent reviews.

Managed accounts are reviewed at least quarterly. Accounts established and maintained with other money managers are reviewed at least quarterly, usually when statements and/or reports are received from the money manager.

While the calendar is the main triggering factor, reviews can also be conducted at your request, due to changes in your financial situation or the services we are providing or due to changes in market conditions.

Each investment advisor representative reviews their own accounts although all client accounts are under the supervision of Arthur Y. Cooper, David S. McManus and Tonya Collier. Absent your specific instructions, we review accounts to verify portfolio holdings, appropriate asset allocation, possible re-balancing needs, anti-money laundering concerns, fee calculation accuracy, continued suitability and that performance continues to work toward your investment goals and objectives.

SAA reviews the performance information in Managed Opportunities accounts to determine its accuracy. Performance information provided by SAA is believed to be accurate but cannot be guaranteed. Fund and other securities values and other information are obtained from third parties. Managed Opportunities accounts are reviewed as needed by SAA supervisors, SAI principals and our representatives. Triggering factors for reviews may include material market, economic or political events, changes in your personal or financial situation or performance of the accounts in general. We urge you to compare performance reports you receive from us with account statements you receive directly from the custodian. Inquiries or concerns regarding your account including performance reports should be directed to us.

### **Account Reports**

You receive confirmations and/or statements from the investment company, broker/dealer, broker/dealer's clearing firm and/or money manager where your account is maintained. We do not prepare any reports for you.

If you participate in FAP and/or LifeGuide, or in the hedge fund portfolios via Crystal Capital Partners, you may receive quarterly, monthly or on-demand reports showing the investment performance of their



accounts from SAA or from us. If you have an SEI Program account, you receive monthly account statements, transaction ledgers and quarterly reports showing the investment performance of your account from SEI.

If you participate in the Managed Opportunities Program, you are able to view daily and quarterly performance reports on a web site prepared on behalf of SAA by Oberon which describes the performance, holdings and other activity in your account. During any month in which there is activity in Managed Opportunities accounts, you receive monthly statements from the account custodian or clearing firm showing the activity in the account as well as positions held in the account at month end. You also receive a confirmation of each purchase and sale transaction that occurs within your Managed Opportunities account, unless you provide SAA with written authorization to suppress confirm delivery. If there is no activity in the account, you receive statements no less than quarterly from the account custodian or clearing firm.

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

### **Client Referrals**

We may enter into agreements with unaffiliated solicitors (Referring Parties) to refer clients to us. If a client is referred to us by a solicitor, the solicitor provides the client with a copy of our Disclosure Brochure as required by Rule 204-3 of the *Investment Advisers Act of 1940*. The client also receives a copy of the solicitor disclosure statement containing the information set forth in Rule 206(4)-3 of the *Investment Advisers Act of 1940*. If a referred client enters into an investment advisory agreement with us, a referral fee is paid to the solicitor. The referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged for the advisory services provided.

The referral agreements between us and the solicitors are in compliance with regulations as set out in 17 CFR §275.206(4)-3 and the Rules under the *Investment Advisers Act of 1940*.

### **Other Compensation**

Please see **Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations** and **Item 12, Brokerage Practices**, for additional discussion about solicitor/referral fees from third party managers, other compensation and non-economic benefits.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. Please note that regulators have deemed the authorization to trade in client accounts to not be custody. However, we are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Our procedures do **not** result in our maintaining custody of client funds and securities.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports

received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

In addition to having trading authority on your accounts, we may implement trades in FAP, in the Segregated Portfolio through Crystal Capital Partners, in LifeGuide and in some SEI and Managed Opportunities accounts on a discretionary basis. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority.

When discretionary authority is granted, it is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian. You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement. Discretion in SEI accounts is limited to no-load mutual funds.

### **Item 17 – Voting Client Securities**

We do not vote proxies on your behalf. You are solely responsible for all proxy voting decisions. You should read through the information provided with the proxy voting document and make a determination based on the information provided.

### **Item 18 – Financial Information**

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

### **Client Privacy Notice**

We are a registered investment advisor in the business of providing investment advisory services to clients. We are committed to safeguarding the confidential information of our clients and hold all personal information provided to us in the strictest confidence. Associated persons may also be registered representatives of SAI, a registered broker/dealer that is not affiliated with us. We may also have relationships with other non-affiliated investment advisors, such as SAA, an affiliate of SAI, insurance companies, trust companies, custodians and other financial institutions. Except as required or permitted by law, we do not share confidential information about clients with non-affiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of the client's confidential information, we provide written notice to the client, and the client is given an opportunity to direct us as to whether such disclosure is permissible.

#### **AN IMPORTANT NOTICE CONCERNING CLIENTS' PRIVACY**

**Customer Information Collected.** We collect and develop personal information about clients, and some of that information is non-public personal information (Customer Information). The essential



purpose for collecting Customer Information is to provide and service the financial products and services the client obtains from us. The categories of Customer Information collected by us depend upon the scope of the engagement with us and are generally described below. As an investment advisor, we collect and develop Customer Information about the client in order to provide investment advisory services.

Customer Information collected includes:

- Information received from the client on financial inventories through consultation with our associated persons. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning the client's financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about the client's financial products and services transactions with us.

**Data Security.** We restrict access to Customer Information to associated persons and employees who need the information to perform their job responsibilities within the firm. We maintain agreements, as well as physical, electronic and procedural securities measures, that comply with federal regulations to safeguard Customer Information about the client.

**Use and Disclosure of Customer Information to Provide Customer Service to Client Accounts.** To administer, manage and service client accounts, process transactions and provide related services for client accounts, it is necessary for us to provide access to Customer Information within the firm and to non-affiliated companies such as SAI, SAA, other investment advisors, other broker/dealers, trust companies, custodians and insurance companies. We may also provide Customer Information outside of the firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

**Former Clients.** If the client closes an account with us, we continue to operate in accordance with the principles stated in the Notice.

**Requirements of Federal Law.** In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act (GLBA)*. The *GLBA* requires certain financial institutions, including broker/dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to non-affiliated third parties other than as permitted or required by law, clients must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that we do not disclose Customer Information to non-affiliated third parties, except as permitted or required by law (e.g., disclosures to service client's account or to respond to subpoenas).

State law prohibits us from sharing any of your personal information with a third party without your permission. You have a right not to permit us to share this information with anyone else. As a registered investment advisor, in order for us to provide financial services and service your accounts,

you must check the "yes" box below if you consent to our sharing such information. You must then complete, sign and return the form to our firm.

Consent granted:    ☐ Yes            ☐ No

Signature: \_\_\_\_\_

Printed name: \_\_\_\_\_

Date: \_\_\_\_\_