

# **Perspective Financial Services, LLC**

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**FORM ADV PART 2A  
BROCHURE**

This brochure provides information about the qualifications and business practices of Perspective Financial Services, LLC. If you have any questions about the contents of this brochure, please contact us at 602.281.4357. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Perspective Financial Services, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Perspective Financial Services, LLC is 127704.

Perspective Financial Services, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated January 30, 2014 there are no material changes to report.

## Item 3 Table Of Contents

Item 1 Cover Page	Page 1
Item 2 Summary of Material Changes	Page 2
Item 3 Table Of Contents	Page 3
Item 4 Advisory Business	Page 4
Item 5 Fees and Compensation	Page 8
Item 6 Performance-Based Fees and Side-By-Side Management	Page 8
Item 7 Types of Clients	Page 8
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	Page 8
Item 9 Disciplinary Information	Page 10
Item 10 Other Financial Industry Activities and Affiliations	Page 11
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	Page 11
Item 12 Brokerage Practices	Page 12
Item 13 Review of Accounts	Page 13
Item 14 Client Referrals and Other Compensation	Page 14
Item 15 Custody	Page 14
Item 16 Investment Discretion	Page 14
Item 17 Voting Client Securities	Page 14
Item 18 Financial Information	Page 15
Item 19 Requirements for State-Registered Advisers	Page 15
Item 20 Additional Information	Page 15

## Item 4 Advisory Business

### Description of Services and Fees

Perspective Financial Services, LLC is a registered investment adviser based in Phoenix, Arizona. We are organized as a limited liability company under the laws of the State of Arizona. We have been providing investment advisory services since 2003. Michael P. McCann is our Managing Member, Chief Compliance Officer and principal owner.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our" and "us" refer to Perspective Financial Services, LLC and the words "you," "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

Currently, we offer the following investment advisory services, which are personalized to each individual client.

### Portfolio Management Services

#### *Directly Managed Accounts*

We provide discretionary and non-discretionary portfolio management services where the investment advice provided is custom tailored to meet your specific needs and investment objectives. Subject to any written guidelines, which you may provide, we may be granted discretion and authority to manage your account. Accordingly, we are authorized to perform various investment functions, at your expense, without further approval from you. Such functions may include the determination of securities to be purchased or sold and the amount of securities to be purchased or sold. Once your portfolio is constructed, we will provide continuous supervision and re-balancing of your portfolio as changes in market conditions and your individual circumstances may require. Where we enter into a non-discretionary arrangement with you, we will obtain your approval prior to the execution of a trade.

#### *Selection of Other Advisers*

As part of our advisory services, we may also offer you access to a network of third party investment advisers ("third party money managers") to manage a portion of or your entire account. Any third party money manager which is recommended to you by our firm must be registered investment advisers with the Securities and Exchange Commission and/or other appropriate jurisdictions.

After gathering information about a client's financial situation and investment objectives, PFS will assist the client in selecting one or more third party money managers and/or particular programs offered by third party money managers. PFS will make recommendations regarding the suitability of a third party money manager or investment style based on, but not limited to, the client's long-term goals, risk tolerance, time horizon, account profile, investment objectives, and/or financial situation. Clients are reminded to promptly notify PFS of any material changes in their financial situations, investment objectives, or account restrictions.

Third party money managers will actively manage your portfolio and will assume investment discretionary and trading authority over your managed account. We will not manage or obtain investment discretion or trading authority over these assets. However, we will monitor the performance of third party money managers and review reports provided to you by third party money managers. Additionally, we will contact you periodically to review your financial situation and objectives, communicate information to third party money managers as warranted, and assist you in

understanding and evaluating the services provided by third party money managers. We will assume discretionary authority to hire and fire third party money managers and reallocate your assets to other third party money managers, where such action is deemed to be in your best interest.

At the time of the referral to a third party money manager, you will receive full disclosure that includes detailed information regarding the services offered by the third party money manager along with other pertinent disclosures by delivery of a copy of the relevant third party money manager's Form ADV Part 2 or equivalent disclosure documents. In addition, if the investment program recommended to you is a wrap fee program, you will also receive the Appendix 1 or equivalent wrap fee brochure provided by the sponsor of the program. We will provide you with appropriate disclosure statements, including disclosure of fees paid to us and third party money managers.

Compensation arrangements may differ depending upon the individual agreement between you and each third party money manager we may recommend. The fees paid by you to third party money managers are separate and distinct from advisory fees paid by you to our firm. Third party money manager fees are established and payable in accordance with the Form ADV Part 2 or other equivalent disclosure documents provided by each third party money manager to whom we may refer you to, and may or may not be negotiable. We will not share in a percentage of advisory fees paid by you to third party money managers. The fees paid to us by you will be based on the Portfolio Management Fee schedule stated below. You will never be charged an annual fee of more than 3.0% of assets under management, which includes fees paid to us and third party money managers.

Additionally, we may engage other investment advisers ("sub-advisers") to manage a portion of your bond portfolio, if applicable. In such cases, we will pay advisory fees to the sub-adviser. You will not pay additional fees to the sub-adviser and we will not charge additional fees for this service.

You may be required to sign an agreement directly with our firm, the third party money managers and/or sub-advisers. In accordance with the provisions of the relevant advisory agreement(s), you, our firm, the third party money manager, or the sub-adviser may terminate the advisory relationship. If our firm, the third party money manager, or the sub-adviser is compensated in advance, you will typically receive a pro rata refund of any prepaid advisory fees upon termination of an advisory agreement.

### **Portfolio Management Fees**

On an annualized basis, our fees for portfolio management services are based on the following tiered fee schedule:

<b>Assets Under Management</b>	<b>Annualized Fee*</b>
Assets up to \$1,000,000	1.00%
Next \$2,000,000	0.75%
Next \$2,000,000	0.50%
Assets in excess of \$5,000,000	0.30%

\*We impose a minimum annualized fee of \$3,000 on asset management accounts.

Our annual fees for portfolio management services are billed either quarterly in advance based on the market value of the assets on the last day of the preceding quarter or quarterly in arrears based on the market value of the assets as of the last day of the quarter. Our fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar quarter. We will either invoice you directly for portfolio management services or payment of fees will be made by the qualified, independent custodian holding your funds and securities.

Our fees for asset management services are negotiable; therefore, arrangements with any particular client may differ from those stated above. For example, we may, in our sole discretion, enter into a fixed fee arrangement with clients that request asset management services. Moreover, we may allow accounts of members of the same household to be aggregated for purposes of determining the advisory fee. We may allow such aggregation, for example, where the firm services accounts on behalf of children of current clients, individual and joint accounts for a spouse, and other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause the account to be, assessed a reduced advisory fee based on the breakpoints available in our fee schedule as stated above.

### **Termination of the Agreement**

Either party may terminate the management agreement within five days of the date of acceptance without penalty. After the five-day period, either party, upon 15 days written notice to the other, may terminate the management agreement. The management fee will be pro-rated for the quarter in which the cancellation notice was given and any unearned fees will be refunded to you.

### **Financial Planning and Consulting Services**

Financial planning services will typically involve providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs. An Associated Person of our firm will first conduct a complimentary initial consultation. After the initial consultation, if you decide to engage us for financial planning services, an Associated Person of our firm will conduct a follow up meeting during which pertinent information about your financial circumstances and objectives is collected. Once such information has been reviewed and analyzed, a written financial plan designed to achieve your stated financial goals and objectives will be produced and presented to you. The primary objective of this process is to allow us to assist you in developing a strategy for the successful management of income, assets, and liabilities in meeting your financial goals and objectives.

Some clients may only require advice on a single aspect of the management of their financial resources. For these clients, we offer modular financial planning services that address only those specific areas of concern. These areas may include, but are not limited to, retirement planning, education planning, insurance analysis, advice on existing or potential investment products, account re-balancing, financial decision making/negotiation, and/or asset allocation.

Financial plans are based on your financial situation at the time the plan is presented and are based on financial information disclosed by you to our firm. We are not responsible for verify the correctness of the information that you supply to us. You are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that your financial goals and objectives will be met. As your financial situation, goals, objectives, or needs change, you must notify us promptly.

We will charge you either a fixed fee, which ranges between \$1,000 and \$5,000, or an hourly fee of \$200 for financial planning services. Our fees for financial planning services, which are negotiable, are calculated and payable upon completion of the contracted service(s). The type and amount of the fees charged to you will be based on your financial situation and the services requested. An estimate of the total cost will be determined at the start of the advisory relationship. The final fee shall be directly dependent upon the facts and circumstances of your financial situation and the complexity of the financial planning service(s) requested. *In limited circumstances*, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and may request that you pay an additional fee. In

no event will we charge \$1,200 or more in fees six or more months in advance. In some cases, in our sole discretion, we may offset part of or all of our financial planning fees if you implement our investment recommendations through our firm.

You may terminate the financial planning agreement within five days of the date of acceptance without penalty. After the five-day period, either party may terminate the agreement by providing written notice to the other party. However, you will incur a pro rata charge for bona fide financial planning services rendered prior to such termination and these fees will be due and payable to us. Refunds are not applicable as fees are paid in arrears.

### **Pension Consulting Services**

We provide pension consulting services to employee benefit plans, the plan sponsors and fiduciaries (collectively, the "client") based upon an analysis of the needs of the plan. In general, these services may include an existing plan review, asset selection and allocation advice, investment performance monitoring, non-discretionary management of plan assets, risk management education, and/or ongoing consulting. Additionally, we will offer the client assistance in setting up a relationship with a third party administrator and processing enrollment forms. We will also provide communication and education services/seminars to provide meaningful information regarding the retirement plan to its participants. Advice to plan participants will be limited to general, impersonal advice. The scope of these services, the fees, and the terms of the agreement for these services will be negotiated on a case-by-case basis with each client. We may be compensated on a basis of assets under management, a fixed fee, an hourly fee, or a combination of fee arrangements based on the complexity of the plan and the agreement with the client. In any case, we will not have access to client funds for payment of fees without written consent by the client. The terms regarding payment of fees, termination, and refund will clearly set forth in the agreement executed between our firm and the client.

These accounts are regulated under the Employee Retirement Income Securities Act ("ERISA"). We will provide consulting services to the client as described above. The client must make the ultimate decision as to retaining the services of such investment advisers as we may recommend. The client is free to seek independent advice about the appropriateness of any recommended services for the plan.

Plan participants who wish to engage us for individualized planning or management services and fees may do so by executing a separate agreement with our firm.

If the disclosure brochure - Part 2 of the Form ADV - is not delivered to the client, at least 48 hours prior to entering into the pension consulting agreement, the client may terminate the agreement for services within five business days of execution without penalty. If the client received the disclosure documents 48 hours in advance, or if the five-day grace period has expired, either party may terminate the pension consulting agreement upon written notice to the other. The plan will incur a pro rata charge for bona fide pension consulting services rendered prior to such termination. If applicable, any pre-paid, unearned fees will be promptly refunded to the client.

The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)).

### **Types of Investments**

We primarily recommend mutual funds and exchange traded funds however we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2014, we provide continuous management services for \$124,099,663 in client assets on a discretionary basis, and \$2,034,434 in client assets on a non-discretionary basis. We also manage \$2,914,359 in client assets on a non-continuous basis.

## **Item 5 Fees and Compensation**

Please refer to the "Advisory Business" section in this brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

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

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

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

## **Item 7 Types of Clients**

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

In general, we impose a minimum annualized fee of \$3,000 on asset management accounts and do not require a minimum dollar amount to open an advisory account. We reserve the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

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

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

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



- **Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- **Long Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- **Option Writing** - a securities transaction that involves purchasing or selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

**Fundamental Analysis** - The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the HCFO (High Cost First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

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

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

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

Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. During time of extreme market volatility ETF pricing may lag vs the actual underlying asset values. This lag usually resolves itself in a short period of time (usually less than one day) however there is no guarantee this relationship will always occur. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests.

Options: Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts.

- A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier.

### **Item 9 Disciplinary Information**

Perspective Financial Services, LLC has been registered and providing investment advisory services since 2003. Neither our firm nor any of our Management Persons has any reportable disciplinary information.

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

Michael P. McCann, Managing Member, also offers tax preparation services through our firm. The services provided and the fees for tax preparation services are separate and distinct from the investment advisory services and related fees offered through our firm. Mr. McCann spends the majority of his time providing investment advisory services to his clients.

### **Recommendation of Other Advisers**

We may recommend that you use a third party adviser ("third party money manager") based on your needs and circumstances. We will not receive compensation from the third party money manager for recommending that you use its services. You are not obligated, contractually or otherwise, to use the services of any recommended third party money manager.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## Item 12 Brokerage Practices

If you are in need of brokerage or custodial services, we may recommend that you establish a brokerage account with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, to maintain custody of your assets and to effect trades for your accounts. We are independently owned and operated, and is not affiliated with Schwab. Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to us, so long as a total of at least \$10 million of our client assets are maintained in accounts at Schwab Institutional. Such services are not otherwise contingent upon us committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that would require a significantly higher minimum initial investment.

For accounts maintained in its custody, Schwab generally does not charge separately for custody, but Schwab is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to us other products and services that benefit our firm but may not benefit our client accounts. Some of these other products and services assist us in managing and administering client accounts. These products and services include software and other technology that: provide access to client account data (such as trade confirmations 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; and provide assistance with back-office functions, record keeping, and client reporting. Generally, many of these services may be used to service all or a substantial number of our client accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to us other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange, and/or pay for these types of services rendered to us by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to us. As a fiduciary, we endeavor to act in the best interests of our clients. However, our recommendation that clients maintain their assets in accounts at Schwab may be based in part on benefits provided to our firm by 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 Schwab, which may create a potential conflict of interest.

We may also recommend TD AMERITRADE Institutional ("TD AMERITRADE"), Division of TD AMERITRADE, Inc., member FINRA/SIPC, all of which are unaffiliated and independent broker/dealers. Such recommendations will take into account a number of factors, some of which may include custodial fees charged by the broker for holding securities for you, commission rates, quality of execution, and record keeping and reporting capabilities, among others. When recommending a broker, we will attempt to minimize the total cost for all brokerage services paid by you. However, it may be the case that the recommended broker charges a higher fee than another broker charges for a particular type of service, such as commission rates. You may utilize the broker/dealer of your choice and have no obligation to purchase or sell securities through such broker as we recommend.

The research products and services that we may receive from brokerage firms (e.g. TD AMERITRADE, among others) may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to us in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers who utilize the aforementioned broker and are not considered to be paid for with soft dollars. However, the commissions charged by a particular broker for a particular transaction, or set of transactions, might be greater than the amounts another broker who did not provide research services or products might charge.

While we and our Associated Persons endeavor at all times to put your best interest first as part of our fiduciary duty, you should be aware that the receipt of additional compensation itself creates a potential conflict of interest.

### **Directed Brokerage**

You may instruct us to use one or more particular brokers for the transactions in their accounts. If you wish to direct us to use a particular broker you should understand that this might prevent us from effectively negotiating brokerage compensation on your behalf. This arrangement may also prevent us from obtaining the most favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses and execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for our clients.

### **Brokerage for Client Referrals**

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

### **Block Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## **Item 13 Review of Accounts**

Your accounts are monitored on a continuous basis. Mr. McCann, Managing Member and Chief Compliance Officer, will be responsible for the overall supervisory review process for our firm. Associated Persons of our firm will conduct regular reviews determined on a case-by-case basis. Triggering factors stimulating the review of your account include, but are not limited to, large market fluctuations, the asset allocation levels in your account and the calendar. Additional reviews may be performed as needed or at your request.

If you have contracted with us for financial planning services only you will be provided a review and, where applicable, updates to your financial plan upon your request and for an additional fee. We will produce account statements on a quarterly basis. Additionally, you will receive statements from the custodian holding your funds and securities at least quarterly.

## Item 14 Client Referrals and Other Compensation

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Schwab and TD Ameritrade.

## Item 15 Custody

We may invoice you directly or a s paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advise provided by our firm on a non-discretionary basis.

## Item 17 Voting Client Securities

### Proxy Voting

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

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



## Item 18 Financial Information

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

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

## Item 19 Requirements for State-Registered Advisers

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

## Item 20 Additional Information

### Your Privacy

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

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

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### Trade Errors

On infrequent occasions, an error may be made in your account. For example, a security may be erroneously purchased for your account instead of sold. In these situations, we generally seek to rectify the error by placing your account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the profit is not allocated to your account, it remains in the error account of the executing broker/dealer or account custodian.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.