

Item 1 – Cover Page



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This brochure provides information about the qualifications and investment advisory business practices of Red Door Wealth Management, LLC. If you have any questions about the contents of this brochure please contact us at (901) 681-0018. 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 Red Door Wealth Management, LLC is also available on the Internet at www.adviserinfo.sec.gov. You can view information on this website by searching for Red Door Wealth Management, LLC's name or by using its CRD number: 153235.

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

Item 2 – Material Changes

Since our last annual update was filed in March 2014, the material changes to our disclosure brochure include the assets under management. Please refer to Item 4 – Advisory Business for more details. Additionally, we have increased our minimum investment amounts to \$250,000. Please refer to Item 7 – Types of Clients for more details.

We will continue to 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.

Clients and prospective clients can always receive the most current Disclosure Brochure for Red Door Wealth Management, LLC at any time by contacting John Phillips at (901) 681-0018.

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Item 4 – Advisory Business

Ownership

Red Door Wealth Management, LLC (“Advisor” or “we”) has been an investment advisor registered with our home state of Tennessee since May 2010 and due to an increase in the assets managed by the firm we have now become eligible to change our primary regulatory authority to the U.S. Securities and Exchange Commission. We are a limited liability company formed under the laws of the State of Delaware. Our owners are William F. Hiatt, John Phillips V, Jud Cannon and Doug Wright.

General Description of Primary Advisory Services

We offer financial planning services and asset management services, and 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 (“client” or “you”) can review the services and description of fees more thoroughly.

Financial Planning Services

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 written comprehensive and segmented (modular) financial plans and ongoing services. These services do not involve actively managing client accounts. Instead, comprehensive planning services focus on a client’s overall financial situation. Modular planning services focus on specific areas of client concern.

Consultation services can be on topics of interest to clients or specialized for corporate benefit plan sponsors.

Asset Management Services

We offer investment management services providing clients with continuous and on-going supervision over their accounts. This means that we continuously monitor a client’s account and makes trades in that account when necessary.

Limits Advice to Certain Types of Investments

We provide advice on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable annuities
- Mutual fund shares
- United States government securities

- Option contracts on securities
- Interests in partnerships investing in real estate and oil and gas interests

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 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 the specific needs of the individual client. Clients are given the ability to impose restrictions on their accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a 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

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 and transaction services are provided for one fee. We do not act as a portfolio manager of or sponsor wrap fee programs.

Client Assets Managed by Advisor

The amount of clients assets managed by us totaled \$124,658,654 as of December 31, 2014, with \$84,907,897 managed on a discretionary basis and \$39,750,757 managed on a non-discretionary basis.

Item 5 – Fees and Compensation

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

Financial Planning Services

Plans and Ongoing Services

We offer financial planning services in the form of written financial plans. Plans can include, but are not limited to, the following areas:

- Personal planning (family records, budgets, personal liability, etc.)
- Cash flow and management
- Retirement planning
- Business planning
- Estate planning
- Education planning
- Tax planning
- Risk management
- Insurance analysis
- Investment analysis
- Benefit plans

- Disability and long term care
- Stock option analysis

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 or your other professional consultants (i.e., attorney, accountant, etc.).

Our services do not include legal or tax advice. We urge you to work closely with your attorney, accountant or other professional consultants regarding your financial and personal situation. We also request that you notify us if there is ever a change in your financial situation or investment objectives so that we can review, evaluate and/or revise any prior recommendations made or services provided.

After completing a review and analysis of the information and documents received, our representatives develop their analyses and recommendations and present a written plan that can be either comprehensive or modular (segmented), as you request. A comprehensive plan focuses on your overall financial situation and covers several of the areas previously noted, as needed by your specific situation. A modular (segmented) plan focuses only on one or more specific areas of concern to you. You should be aware that other important issues may not be taken into consideration when our representatives develop their analyses and recommendations. All of our recommendations are generic in nature and are not limited to any specific product or service offered by the financial services industry.

Fees for financial plans are charged as a fixed fee with a minimum fee of \$1,500 and a maximum fee that generally does not exceed \$5,000. An exception may be granted to the minimum charge. Exceptions are granted at the sole discretion of our representatives based on your current assets and anticipated additional advisory services. Fees are negotiable based on the complexity of your situation and the actual services requested. A retainer of one-half of the quoted fee may be due at the time the client agreement is signed. Our representatives have sole discretion to require the retainer based on their knowledge of you and your specific circumstances as well as previous advisory services provided. The balance of the fee or the entire fee is due upon presentation of the plan to you.

You have the option to have fees automatically deducted from an account or billed directly to you. If you elect to have fees automatically deducted from an existing account, you must provide the account custodian with written authorization to deduct our fees from the account and pay them to us. Neither we nor our representatives act as custodian for any of your accounts nor have direct access to your funds or securities. If you elect to have us bill you directly, fees are due immediately upon receipt of our billing statement.

If you contract for a financial plan you also receive on-going financial services for a one-year period at no additional charge. During that time, you can visit with our representatives through telephone or in-person conferences as needed.

We recommend that your plan and financial situation be reviewed and updated at least annually. On the one-year anniversary date of the client agreement being signed, you can enter into a new agreement for a plan review and update and another year of on-going financial services. Fees charged for reviews and updates are on the same terms and conditions as described above. If you contract for additional advisory services, as described elsewhere in this Disclosure Brochure, you can have your financial plan reviewed and updated and receive on-going financial planning services for another one year period at no additional charge.

Either party can terminate services at any time by providing written notice to the other party. Termination is effective immediately upon receipt of such notice. If services are terminated within five business days of signing the client agreement, they are terminated without penalty. If termination is made before the

financial plan has been presented, you are responsible for the time expended to the date of termination. We provide you with a billing statement detailing the prorated charge due from or the prorated refund due to you. If termination is made after the plan has been presented to you, there is no charge due or refund made because on-going financial planning services are provided at no additional charge.

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 financial planning recommendations made by our representatives. If you do decide to implement our 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. If you choose to implement financial planning advice through us, you must select one of the other advisory programs detailed in this Disclosure Brochure and additional advisory fees are charged for other advisory program.

Consultations

Both existing clients and prospective clients can contract with us for consultations on any topic of interest to them. There is no time limit on these consultations and no charge for the services.

Pension Consulting Services

We also offer consultation services to corporate benefit plan sponsors. These services can include, but are not limited to:

- Review and analysis of investment choices offered by custodian
- Review and analysis of and recommendations regarding mutual fund selection for self-directed plans
- Review and analysis of and recommendations regarding investment choices for participants
- Review of pooled assets and recommendations regarding investment objectives for participants
- Annual meetings with plan trustees regarding fund reviews, performance updates and future investment possibilities
- Informational employee education meetings regarding specific plan options

Except for the informational employee education meetings, the available services are considered fiduciary consulting services. Fiduciary consulting services are not management services, and Advisor does not serve as administrator or trustee of the plan. Advisor does not act as custodian for any client account or have access to client funds or securities (with the exception of some accounts having written authorization from the client to deduct our fees). For fiduciary consulting services, all recommendations of investment options and portfolios are submitted to you for your ultimate approval or rejection. For retirement plan fiduciary consulting services, the retirement plan sponsor client or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

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

The informational employee education meeting services should be considered non-fiduciary services for the purposes of ERISA. Advisor is not acting as a fiduciary to the plan as the term “fiduciary” is defined in Section 3(21)(A)(ii) of ERISA.

Fees for pension consulting services are generally billed quarterly in arrears and charged as a percentage of plan assets calculated as of the end of the quarter. Fees generally range from 0.10% to 1.25%, depending upon the size of the plan. However, since fees are generally assessed and paid through the plan to the plan administrator and then to us, the valuation date and payment date may vary depending upon the plan administrator’s accounting procedures. When providing services to plans whose administrators pay in advance, we never receive more than one quarter of prepaid fees at a time.

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 offset that compensation against our stated fees and disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

Pension consulting services are for a one year period. However, services can be terminated by either party by providing written notice to the other and termination is effective 30 days from the date notice is received. During that 30 day period, our representatives finish up any activities they are working on but do not begin any new services without your express instruction. If services are terminated within five business days of signing the client agreement, they are terminated without penalty. Any prepaid but unearned fees are promptly refunded to you at the effective date of termination.

Advisor will disclose 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 disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or plan administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the client agreement for services 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.

Asset Management Services

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. Generally, accounts are invested in a broad spectrum of no-load (no commission) mutual funds and index-based securities, although investments may also be made in stocks, bonds, money market accounts, certificates of deposit or Treasury bills.

We require that your assets be maintained in a brokerage account with Charles Schwab & Co., Inc. (“Schwab”), a registered broker/dealer and member SIPC. See **Item 12, Brokerage Practices**, for additional discussion on our recommendation and use of Schwab. We assist you in establishing a managed account through Schwab, and Schwab 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.

We require a \$100,000 minimum to establish a new account, although exceptions to this minimum may be granted if we deem the new account to be related to other of your currently managed accounts. In addition, you can “aggregate” or “batch” household accounts to reach the minimum account size requirement.

We are granted trading authorization on your accounts and provide management services on a discretionary basis only. 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 making any transactions. You must provide us with written authorization to exercise this 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 non-negotiable and charged as a percentage of assets under management as follows:

Pure Equity and Equity/Fixed Income Mixed Accounts

<u>Account Value</u>	<u>Yearly Fee</u>
Up to \$1,000,000	1.25%
\$1,000,001-\$2,000,000	0.75%
\$2,000,001-\$5,000,000	0.50%
\$5,000,001 and Up	0.25%

Pure Fixed Income Accounts

<u>Account Value</u>	<u>Yearly Fee</u>
Up to \$1,000,000	0.50%
\$1,000,001-\$2,000,000	0.35%
\$2,000,001 and Up	0.25%

There is a minimum fee of \$250 per quarter regardless of account size. In addition, all new managed accounts are subject to a one-time set up fee equal to 0.50% of the assets under management, with a minimum charge of \$500 and a maximum charge of \$1,000. In their sole discretion, our representatives may waive or reduce the set-up fee (e.g., if they determine it would duplicate fees already charged on related accounts).

Fees are billed quarterly in arrears and calculated on the value of the account at the end of the quarter. You can “bundle” or “aggregate” accounts of household members in order to reach a higher total account value and therefore a lower fee level. Accounts opened mid-quarter are prorated based on the number of days that services are provided during the first billing period.

Fees are generally deducted from your account. However, you can request fees be billed directly to you and our representatives have sole discretion to grant this request. If you elect to fees deducted from your account, you must provide the custodian with written authorization to have the fees deducted and paid to us. Prior to any fees being deducted from an account (and at the same time a billing statement is sent to the custodian), we send you a fee billing notice showing the amount deducted, the manner in which the fee is calculated, any adjustments to the fee and an explanation of any such adjustments. At least quarterly, the custodian sends you a statement showing all disbursements from the account, including any advisory fees deducted. If you pay directly, payment is due upon receipt of our billing statement.

Schwab generally does not charge separately for maintaining custody of your accounts, although it may 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. If services are terminated within 5 business days of signing the client agreement, they are terminated without penalty. After the initial 5 day period, a 30 day notice is required. During that 30 day period, we continue to provide services previously begun but do not begin any new services without your specific instruction. Fees are prorated to the effective date of termination and we provide you with a detailed billing statement.

Additional Compensation

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. We 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.

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 financial planning fee of \$1,500, although exceptions to this minimum can be granted at the sole discretion of our representatives based on your current assets and anticipated additional advisory services.

We require a minimum of \$250,000 to establish a new managed account, although exceptions may be granted to this minimum if we deem the new account to be related to other of your currently managed accounts. In addition, you can “aggregate” or “batch” household accounts to reach the minimum account size requirement.

We charge a minimum management fee of \$250 per quarter regardless of account size. In addition, all new managed accounts are subject to a one-time set up fee equal to 0.50% of the assets under management, with a minimum charge of \$500 and a maximum charge of \$1,000. In their sole discretion, our representatives may waive or reduce the set-up fee (e.g., if they determine it would duplicate fees already charged on related accounts).

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

Methods of Analysis

We use fundamental, technical and charting analysis when considering investment strategies and recommendations for clients.

Fundamental

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.

Technical

This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Charting

Charting is a technical analysis that charts the patterns of stocks, bonds and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto

graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

Primary Method of Analysis or Strategy

Our primary method of analysis is fundamental, and 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. In addition, there is a systematic risk in the marketplace that cannot be diversified.

Investment Strategies

When implementing investment advice, our investment strategies include:

- Long term purchases (Investments held at least a year.)
- Short term purchases (Investments sold within a year.)
- 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.)

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

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 primarily recommend mutual funds. Different mutual fund categories have different risk characteristics and you should not compare different categories. For example, a bond fund and a stock fund that both have below average risk still have different risk/return potential (stock funds traditionally have higher risk/return potential). Risks are based on the investments held in the fund. For example, a bond fund faces interest rate risk and income risk and income is affected by the change in interest rates. A sector fund (investing in a single industry) is at risk that its price will decline due to industry developments. The following are some risks to consider when investing in mutual funds:

- **Call Risk:** A bond issuer may redeem high-yield bonds before maturity date due to falling interest rates.
- **Default Risk:** A bond issuer may fail to repay interest and principal.
- **Income Risk:** Dividends in a fixed income fund may decline due to falling interest rates.

- **Geology Risk:** Political events, natural disasters or financial problems may weaken a country or state's economy and cause investments to decline.
- **Industry Risk:** Stocks in a single industry may decline due to developments in that industry.
- **Inflation Risk:** Increases in the cost of living can reduce or eliminate a fund's actual returns when adjusted for inflation.
- **Manager Risk:** A manager may not execute the fund's investment strategy in a timely or effective manner.

In addition, there is the risk that the fund family might inaccurately report individual fund or fund family information.

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 Disclosure Brochure.

Item 10 – Other Financial Industry Activities and 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 investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

Accounting Services

The accounting firm of Cannon Wright Blount ("CWB") is a related person. The owners of CWB are also owners of Advisor. CWB provides services that include, but are not limited to, compiling financial statements, preparing individual and business tax returns and offering tax planning services. While we do not provide legal or accounting services, we may refer advisory clients needing assistance with accounting matters to CWB. You are not obligated or required to use the services of CWB but if you do you are required to enter into a separate agreement with CWB and accounting fees are charged separately.

Our services cannot be provided to organizations who are attest (audit) clients of CWB. For various legal and regulatory reasons, we are prohibited from providing services to these particular organizations.

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

Code of Ethics

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisors to establish, maintain and enforce a Code of Ethics. We have established a Code of Ethics that applies to all of our

associated persons. An investment advisor is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of its clients at all times. We have a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics, which also covers our insider trading and personal securities transactions policies and procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons sign an acknowledgement that they have read, understand and agree to comply with our Code of Ethics. We have the responsibility to make sure that the interests of all clients are placed ahead of us or our supervised person's own investment interests. We provide full disclosure of all material facts and potential conflicts of interest to clients prior to any services being conducted. We and our supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy is provided promptly upon request.

Participation or Interest in Client Transactions

Both we and representatives and associated persons may buy or sell for our personal accounts investment products identical to those recommended to clients. This creates a potential conflict of interest. It is our express policy that all persons associated in any manner with us must place the interests of clients ahead of their own when implementing personal investments. Neither we nor our associated persons buy or sell securities for our personal account(s) where our decision is derived, in whole or in part, by information obtained as a result of our employment unless the information is also available to the investing public upon reasonable inquiry.

Item 12 – Brokerage Practices

If you wish to implement our advice, you are free to select any broker/dealer or investment advisor you wish and are so informed. If we assist you in implementing any recommendations, we have a duty to ensure that you receive the best execution possible. Best execution does not necessarily mean the lowest price but includes the overall services received from a broker/dealer. You should understand that not all investment advisors require the use of a particular broker/dealer. There may be other platforms that are less expensive and may provide faster execution capabilities.

If you elect to utilize our management services, you are required to establish brokerage accounts at Schwab. Schwab provides us with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Charles Schwab 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.

Schwab 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. Schwab 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, Schwab 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 recommendation that you maintain your assets in accounts at Schwab 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 Schwab. This may create a potential conflict of interest.

You are under no obligation to act on our recommendations. You may select a broker/dealer or account custodian other than Charles Schwab, although in this case we cannot you with asset management services.

Trade Errors

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and we absorb any resulting loss if the error was caused by us. If the error is caused by the broker-dealer, the broker-dealer is responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain remains in the client's account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. We may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons). We never benefit or profit from trade errors.

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 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 are 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 blocking trades.

Item 13 – Review of Accounts

Account Reviews

If you contract for a financial plan you receive on-going services for a one-year period during which time you can telephone or visit with our representatives as needed. However, you wish to have your financial plan reviewed and updated, a new client agreement is required and additional fees may be charged. If you contract for pension consulting services, you can receive account reviews as a part of those services. Managed accounts are reviewed at least quarterly.

Currently, John Phillips, V reviews all accounts. While the calendar is the main triggering factor, reviews may also be performed due to your specific request, a change in your circumstances or unusual market activity or economic conditions. Absent specific instruction from you, accounts are reviewed for continued suitability, accuracy of holdings and to ensure the portfolios continue to work toward each your goals and objectives.

Account Reports

You receive statements from your account custodian at least quarterly. If there is activity in your account, you receive a monthly statement. At your request, we may also provide informational reports that can include account performance, expenses, trading gains/losses or transaction information. We may also provide you with periodic reports on market conditions, mutual fund performance and other information.

Item 14 – Client Referrals and Other Compensation

Affiliations and Client Referrals

Please see **Item 10, Other Financial Industry Activities and Affiliations**, for discussion about the affiliation with the accounting firm of Cannon Wright Blount (“CWB”). If advisory clients are in need of tax or accounting services, they may be referred to CWB. Clients are not obligated or required to use the services of CWB, but if they do fees for tax and accounting services are billed separately from advisory fees. Advisory services cannot be provided to organizations who are attest (audit) clients of CWB. For various legal and regulatory reasons, Advisor is prohibited from providing advisory services to these particular organizations.

CWB actively solicits its clients to Advisor and therefore clients of CWB may also be clients of Advisor. Advisor does not compensate CWB on a per referral basis or by paying a portion of the client's advisory fee to CWB. However, CWB has an economic incentive to refer clients to Advisor as a result of its partial ownership in Advisor. Because of CWB's partial ownership in Advisor, CWB and Advisor have an incentive to recommend each other to clients before recommending other accounting and financial firms. This creates a conflict of interest between CWB, Advisor and their clients.

Advisor has also entered into agreements with Lipscomb and Pitts, John Wiedman and Cornerstone Settlement Services to refer clients to the firm (referring parties). If a client is referred to Advisor by a solicitor, the solicitor will provide the client with a copy of Advisor's Form ADV Disclosure Brochure as required by Rule 204-3 of the *Investment Advisers Act of 1940*. The client will also receive 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 Advisor, a cash referral fee is paid to the referring party that is based upon a percentage of client advisory fees generated. This 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 Advisor and the referring

parties are in compliance with regulations as set out in 17 CFR §275.206(4)-3, the Rules under the *Investment Advisers Act of 1940*.

Other Compensation

For additional discussion on other compensation received by Advisor, its owners or its representatives, please refer to **Additional Compensation** under **Item 5, Fees and Compensation**. Please also see **Item 12, Brokerage Practices**, for discussion about the services and products Advisor may receive from Schwab.

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. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. 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

Asset management services are provided on a discretionary basis only. 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. You can impose restrictions on managing your accounts.

Discretionary authority is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account by the account custodian and paid to us. Fee deduction is done pursuant to your prior written authorization provided to the account custodian.

Item 17 – Voting Client Securities

Neither we nor our representatives vote proxies on your behalf. You should read through the information provided with the proxy-voting documents and to make a determination based on the information provided. However, on your request, our representatives may provide limited clarifications of the issues based on their understanding of issues presented in the proxy-voting materials. At their discretion, the

representatives may also conduct additional research on the issues to be voted upon. You have the ultimate responsibility for making all proxy-voting decisions.

Item 18 – Financial Information

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$500 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.

Class Action Lawsuits

You retain the right under the applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for you. We do not initiate such a legal proceeding on your behalf and do not provide legal advice to you regarding potential causes of action against such a security issuer and whether you should join a class-action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Moreover, our services do not include monitoring or informing you of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for you.

Customer Privacy Policy

In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to non-affiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. We do not share or disclose customer information to non-affiliated third parties except as permitted or required by law.

We are committed to safeguarding the confidential information of its clients. We hold all personal information provided by clients in the strictest confidence and it is our objective to protect the privacy of all clients. Except as permitted or required by law, we do not share confidential information about clients with non-affiliated parties. In the event that there were to be a change in this policy, we provide clients with written notice and clients will be provided an opportunity to direct us as to whether such disclosure is permissible.

To conduct regular business, we may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to us
- Information about the client's transactions implemented by others
- Information developed as part of financial consultations and analyses

To 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 with whom we have entered into agreements. To provide the utmost service, we may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on our behalf:

- Information we receive from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with others (account information, payment history, parties to transactions, etc.)
- Information about a client's financial products and services transaction with us

Since we share non-public information solely to service our clients, we do not disclose any non-public personal information about our customers or former customers to anyone, except as permitted by law. However, we may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.