



## SIGMA FINANCIAL SERVICES, INC.

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### Form ADV Part 2A

This Brochure provides information about the qualifications and business practices of SIGMA Financial Services, Inc. If you have any questions about the contents of this Brochure, please contact Donald J. Potter, Jr. at (540) 989-2020 or [DJP@BenefitStrategies.com](mailto:DJP@BenefitStrategies.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about SIGMA Financial Services, Inc. is available on the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. SIGMA Financial Services, Inc.'s CRD number is 801-55140.

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Firm  
Brochure

## Material Changes

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This Firm Brochure, dated March 25, 2015, provides you with a summary of SIGMA Financial Services, Inc.'s advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform you of the revision(s) based on the nature of the information as follows:

### ANNUAL UPDATE

SIGMA Financial Services, Inc. is required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE, or we will provide you with our revised Brochure that will include a summary of those changes in this Item.

### MATERIAL CHANGES

Should a material change in SIGMA Financial Services, Inc.'s operations occur, depending on its nature, we will promptly communicate this change to clients. Material changes will be summarized in this Item. Those changes requiring prompt notification will include changes of ownership or control, location, disciplinary proceedings, significant changes to our advisory services or advisory affiliates, and any other information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Disclosure Brochure dated March 25, 2014:

- ***There are no material changes since our last Firm Brochure.***

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## Advisory Business

SIGMA Financial Services, Inc. ("SIGMA") is an SEC-registered investment adviser with its principal place of business located in Virginia. SIGMA began conducting business in 1997.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Donald Joseph Potter Jr., President

### INVESTMENT SUPERVISORY SERVICES ("ISS")

SIGMA offers the following advisory services to our clients:

#### INDIVIDUAL PORTFOLIO MANAGEMENT

SIGMA provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

SIGMA manages these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)

- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### STRATEGIC MODEL PORTFOLIO MANAGEMENT

SIGMA provides non-continuous portfolio management services to clients using strategic model asset allocation portfolios. Each strategic model portfolio is designed to meet a particular investment goal.

**Conservative:** This is our most conservative portfolio. The portfolio is managed in an effort to limit a maximum loss in a 12-month period to no more than 5%, but we cannot guarantee that this threshold will not be exceeded. Our default allocation to equities in this model is 40%, with 60% in fixed-income. This portfolio is most appropriate for investors who are uncomfortable with higher short-term risk and who value short-term capital preservation over higher long-term returns.

**Balanced:** This portfolio is managed in an effort to limit the maximum loss in a 12-month period to no more than 10%, but we cannot guarantee that this threshold will not be exceeded. The higher downside risk threshold allows us to have more equity exposure than in our conservative balanced portfolio (a 60% default allocation to equities), while remaining relatively conservative. This portfolio is appropriate for investors who want to participate in the equity markets, but are still somewhat uncomfortable with short-term risk.

**Aggressive:** This portfolio is managed in an effort to limit the maximum loss in a 12-month period to no more than 15%, but we cannot guarantee that this threshold will not be exceeded. This portfolio has a more aggressive 75% default allocation to equities, and is appropriate for investors who are willing to accept higher short-term risk in exchange for the likelihood of higher long-term returns than what are available from our more conservative portfolios.

**Global Equity:** This portfolio is, as a rule, a fully invested, global stock portfolio. Consequently, the ups and downs of the portfolio's returns will be as wide as the equity market. It is possible that investors could lose 20%

or more of their portfolio value over 12 months (though we expect this to be rare). Along with higher risk, we expect higher long-term returns than what are available from our other, less aggressive models. This portfolio is appropriate for investors with a long time horizon and no concerns about short-term risk.

In general, SIGMA does not attempt to manage each portfolio so as to avoid violating our loss thresholds in very extreme negative environments because we believe they are rare. Avoiding violating our loss thresholds in such environments would require an allocation so permanently conservative that we believe it would cost more capital over the long run. So, while our objective is not to exceed our risk threshold targets in the vast majority of environments, there is no guarantee that we will do so, and each investor should carefully consider their portfolio strategy in light of their risk tolerance and the possibility that losses could exceed our target levels.

Through personal discussions with the client in which the client's goals and objectives are established, we initially determine whether the model portfolio is suitable to the client's circumstances. Once we confirm suitability, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

SIGMA manages these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio on an annual basis, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Mutual fund shares

Because some types of investments involve certain additional degrees of risk, they will only be recommended/implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. send quarterly written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;
2. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
3. be reasonably available to consult with the client; and
4. maintain client suitability information in each client's file.

## TACTICAL MODEL PORTFOLIO MANAGEMENT

SIGMA provides continuous portfolio management services to clients using Tactical Model Portfolio ("TMP") management pursuant to an agreement between SIGMA and the client. TMP is a management program designed to reposition or reallocate the client's assets based on information obtained from computer-based research services. SIGMA, through a comprehensive client interview, including a discussion of the client's stated investment objectives, financial condition, tax situation, time horizon and risk tolerance, will select a model that is believed to be the most suitable after analyzing the gathered data.

Asset allocation and security selection decisions are then made with the aid of computer models that are labeled with investment objectives: Growth, Moderate, Conservative or Bond focused. The portfolio of models may already exist or if SIGMA deems necessary, a new model portfolio may be constructed for the client individually. The model portfolios are often comprised of multiple asset categories and sectors and have the ability to perform multiple styles of asset allocation including ranges from 100% equity exposure to 100% cash exposure. Investment overlap and diversification are key components to the investment portfolio design.

The typical asset allocation elected by a large majority of the investment advisory community would include Large Cap, Mid Cap, Small Cap, Bonds and International segments. Our growth model processes evaluate all of those, but may also include special sectors like: financials, global/foreign, gold, commodities, natural resources, utilities, world bonds and more . . . thus allowing the models to select risk appropriate positions from a large population of investment opportunities.

Once the initial asset allocation model is determined, assets may be reallocated at any point in time as appropriate. Trading in these accounts may occur as frequently as weekly or monthly, but typically specific position changes occur every 30 to 150 days. Positions may be left intact for long periods of time if deemed

appropriate by SIGMA. Reallocation of assets will trigger taxable events except where IRA accounts, 401(k), 403(b) accounts or other qualified retirement plans or accounts are involved.

## PENSION CONSULTING SERVICES

SIGMA also provides several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of the following services:

### ***Investment Policy Statement Preparation ("IPS"):***

SIGMA meets with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

***Selection of Investment Vehicles:*** SIGMA assists plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

***Monitoring of Investment Performance:*** SIGMA monitors client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

***Employee Communications:*** For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), SIGMA may also provide educational support and investment workshops designed for the plan participants when the plan sponsor engages our firm to provide such services. The nature of the topics to be covered will be determined by SIGMA and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS

SIGMA also offers advisory management services to clients through our Selection and Monitoring of Third-Party Money Managers programs (hereinafter, "Programs").

SIGMA provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into the client's Personal Investment Policy Statement ("PIPS").

Based on the client's individual circumstances and needs (as exhibited in the client's PIPS), we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with the client's PIPS. The adviser(s) then creates and manages the client's portfolio based on the client's individual needs as exhibited in the PIPS.

SIGMA monitors the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's PIPS, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

## AMOUNT OF MANAGED ASSETS

As of December 31, 2014, SIGMA was actively managing \$65,789,101 of clients' assets on a discretionary basis plus \$82,445,111 of clients' assets on a non-discretionary basis.

## Fees and Compensation

### INDIVIDUAL PORTFOLIO MANAGEMENT FEES

The annualized fee for Investment Supervisory Services is charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Less than \$250,000	1.25%
\$250,001 to \$1,000,000	0.90%
\$1,000,001 to \$2,500,000	0.65%
\$2,500,001 to \$5,000,000	0.55%
\$5,000,001 to \$10,000,000	0.50%
Over \$10,000,000	Negotiable

A minimum of \$250,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances as described below.

**Limited Negotiability of Advisory Fees:** Although SIGMA has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

SIGMA may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### STRATEGIC MODEL PORTFOLIO MANAGEMENT FEES

The annualized fee for Strategic Model Portfolio Management Services is charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Less than \$1,000,000	1.00%
\$1,000,001 to \$2,500,000	0.75%
\$2,500,001 to \$5,000,000	0.50%
\$5,000,001 to \$10,000,000	0.25%
Over \$10,000,000	Negotiable

A minimum of \$100,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances as described below.

**Limited Negotiability of Advisory Fees:** Although SIGMA has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

SIGMA may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### TACTICAL MODEL PORTFOLIO MANAGEMENT FEES

The annualized fee for Tactical Model Portfolio Management Services is charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Less than \$250,000	1.90%
\$250,001 to \$1,000,000	1.55%
\$1,000,001 to \$2,500,000	1.30%
\$2,500,001 to \$5,000,000	1.20%
\$5,000,001 to \$10,000,000	1.15%
Over \$10,000,000	Negotiable

A minimum of \$100,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances as described below.

**Limited Negotiability of Advisory Fees:** Although SIGMA has established the aforementioned fee schedule(s), we retain the discretion to negotiate

alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

SIGMA may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### PENSION CONSULTING FEES

SIGMA's fees for Pension Consulting Services are based on a percentage of assets under advisement. We charge an annual fee for Pension Consulting Services that ranges from 0.25% to 0.75% of plan assets depending on the services requested and the size of the plan.

Plan sponsors are invoiced in advance at the beginning of each calendar quarter.

A total minimum fee of \$6,000 is required. This minimum fee may prevent SIGMA from providing services to very small ERISA plans.

### THIRD-PARTY MONEY MANAGERS FEES

SIGMA is paid by the independent adviser selected by the client for portfolio management services. Our fee is based on a percentage of the client's managed assets (typically ranging up to 0.75% of the fee charged by the independent investment adviser, depending on the size of the account), which is included in the independent investment adviser's annual management fee. The portion of the advisory fee paid to SIGMA does not increase the client's ultimate advisory fee paid to the selected independent investment adviser.

Clients are provided with a separate disclosure document describing the fee paid to SIGMA by such independent registered investment advisers. The total asset management fee, including the referral fee paid to our firm, is disclosed in the independent investment adviser's disclosure document.

SIGMA's fee for this service does not include the independent investment adviser's fee for that entity's advisory/management services. The independent investment adviser's management fee is disclosed in the independent investment adviser's Firm Brochure or other disclosure document.

Our annual fee for the Manager Selection Program is charged as a percentage of assets under management, according to the following schedule:

<u>Market Value</u>	<u>Annual Fee</u>
Less than \$1,000,000	0.75%
\$1,000,001 to \$2,500,000	0.60%
\$2,500,001 to \$5,000,000	0.40%
\$5,000,001 to \$10,000,000	0.20%
Over \$10,000,000	Negotiable

### GENERAL INFORMATION

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

**Mutual Fund Fees:** All fees paid to SIGMA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm, which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Brochure for additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to SIGMA's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.



**ERISA Accounts:** SIGMA is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, SIGMA may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset SIGMA's advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances does SIGMA require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## ITEM

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## Performance-Based Fees and Side-By-Side Management

SIGMA does not charge performance-based fees.

## ITEM

# 7

## Types of Clients

SIGMA provides advisory services to the following types of clients:

- Individuals  
(other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans  
(other than plan participants)
- Corporations or other businesses not listed above
- State or municipal government entities
- Trusts and estates

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. Our firm has also established certain minimum account requirements to maintain an account, based on the nature of the service(s) being provided.

For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

## ITEM

# 8

## Methods of Analysis, Investment Strategies and Risk of Loss

### METHODS OF ANALYSIS

SIGMA uses the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the

overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis:** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Quantitative Analysis:** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis:** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other funds in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds

held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis:** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for All Forms of Analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

SIGMA uses the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term Purchases:** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

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

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term Purchases:** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Risk of Loss:** Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

## ITEM

# 9

## Disciplinary Information

SIGMA is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

## ITEM

# 10

## Other Financial Industry Activities and Affiliations

Management personnel of SIGMA, in their capacities as owners of a related company, Benefit Strategies, Inc., are agents for various insurance companies. As such, these individuals through Benefit Strategies, Inc. are able to benefit from separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. These product transactions are typically group annuity products for Benefit Strategies, Inc. retirement plan clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Management personnel of SIGMA are also separately affiliated with Benefit Strategies, Inc., a third-party administrator that provides administrative support services

to the sponsors of qualified retirement plans for a fee. In particular, Benefit Strategies, Inc. provides account recordkeeping services and a trading platform (via internet and telephone) by which plan participants may direct the investment of assets in their qualified plan account. Benefit Strategies, Inc. may refer plan sponsors in need of advisory services to our firm. Conversely, SIGMA may refer clients in need of third-party administrative services to Benefit Strategies, Inc. However, there are no referral fee arrangements between Benefit Strategies, Inc. and our firm for these recommendations. Third-party administrative services provided by Benefit Strategies, Inc. are separate and distinct from the advisory services we provide, and are provided for separate and typical compensation. No advisory client is obligated to use Benefit Strategies, Inc. for any third-party administrative services, and no client of Benefit Strategies, Inc. is obligated to utilize SIGMA's advisory services. Sponsors or trustees of pension, profit sharing, 401(k), IRA or other client accounts subject to the provisions of ERISA or the prohibited transaction provisions of the Internal Revenue Code are solely responsible for determining whether or not to engage the services of Benefit Strategies, Inc.

Advisory fees will be offset for compensation earned by Benefit Strategies, Inc. (or by our affiliated persons providing services through Benefit Strategies, Inc.) from pension, profit sharing, 401(k), IRA or other client accounts if such fee arrangements would not constitute a prohibited transaction under the provisions of ERISA or the Internal Revenue Code and where an exemption from such prohibition is not otherwise applicable.

Clients should be aware that the receipt of additional compensation by SIGMA and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. As part of our fiduciary duty as a registered investment adviser in our endeavor to put the interest of our clients first, we take the following steps to address this conflict:

1. We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
2. We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
3. We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
4. Our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;

5. We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
6. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
7. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

SIGMA has adopted a Code of Ethics, which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Our firm and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

SIGMA's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email to [DJP@BenefitStrategies.com](mailto:DJP@BenefitStrategies.com) or by calling our office at (540) 989-2020.

SIGMA and individuals associated with our firm are prohibited from engaging in principal transactions.

SIGMA and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients; and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

SIGMA and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro rata, with each account paying the average price. Our employee accounts will be included in the pro rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.

5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgment of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately licensed as insurance agents/brokers of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## ITEM

# 12

## Brokerage Practices

SIGMA will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rata basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. SIGMA will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. SIGMA's block trading policy and procedures are as follows:

1. Transactions for any client account may not be aggregated for execution if the practice is

prohibited by or inconsistent with the client's advisory agreement with SIGMA, or our firm's order allocation policy.

2. The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
3. The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable SIGMA to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
4. Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
5. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
6. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
7. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8. SIGMA's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
9. Funds and securities for aggregated orders are clearly identified on SIGMA's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
10. No client or account will be favored over another.

SIGMA may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. SIGMA is independently owned and operated and not affiliated with Schwab.

Schwab provides SIGMA 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 them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, 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.

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

Schwab Institutional also makes available to our firm other products and services that benefit SIGMA but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

1. provide access to client account data (such as trade confirmations and account statements);
2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. provide research, pricing and other market data;

4. facilitate payment of our fees from clients' accounts; and
5. assist with administrative functions, record keeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- compliance, legal and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to SIGMA. 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 our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements. A potential conflict of interest may arise by including these factors in our evaluation of Schwab and not solely considering the nature, cost or quality of custody and brokerage services provided.

SIGMA's receipt of additional services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

## ITEM

# 13

## Review of Accounts

### INDIVIDUAL PORTFOLIO MANAGEMENT SERVICES

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.



These accounts are reviewed by Donald J. Potter, Jr. as investment manager and investment strategist.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Individual Portfolio Management Services clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings.

#### MODEL PORTFOLIO MANAGEMENT SERVICES (STRATEGIC AND TACTICAL)

**REVIEWS:** While the underlying securities within Model Portfolio Management Services accounts are continually monitored, these accounts are reviewed on a quarterly basis. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by Donald J. Potter, Jr. as investment manager and investment strategist.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Model Portfolio Management Services clients receive from their broker-dealers, SIGMA provides quarterly reports summarizing account performance, balances and holdings.

#### PENSION CONSULTING SERVICES

**REVIEWS:** SIGMA reviews the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. SIGMA also reviews the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

These accounts are reviewed by Donald J. Potter, Jr. as investment strategist.

**REPORTS:** SIGMA provides reports to Pension Consulting Services clients based on the terms set forth in the client's IPS.

#### THIRD-PARTY MONEY MANAGERS

**REVIEWS:** These client accounts should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

SIGMA provides reviews as contracted for at the inception of the advisory relationship.

These accounts are reviewed by Donald J. Potter, Jr. as investment strategist.

**REPORTS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

SIGMA provides these client accounts with reports as contracted for at the inception of the advisory relationship.

## ITEM

# 14

## Client Referrals and Other Compensation

### CLIENT REFERRALS

SIGMA may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is SIGMA's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## ITEM

## 15

## Custody

SIGMA previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have actual or constructive custody of client accounts.

## ITEM

## 16

## Investment Discretion

Clients may hire SIGMA to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## ITEM

## 17

## Voting Client Securities

As a matter of firm policy, SIGMA does not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## ITEM

## 18

## Financial Information

As an advisory firm that maintains discretionary authority for client accounts, SIGMA is required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. SIGMA has no additional financial circumstances to report.

Under no circumstances does SIGMA require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

SIGMA has not been the subject of a bankruptcy petition at any time during the past ten years.