

Schultz Financial Group Incorporated

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ADV Part 2A, Brochure

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This brochure provides information about the qualifications and business practices of Schultz Financial Group Incorporated (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (775) 850-5620 or kmccabe@sfginc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Schultz Financial Group Incorporated is also available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Schultz Financial Group Incorporated as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training

Item 2 Material Changes

There have been no material changes to this ADV Part 2A, Brochure since the previous Annual Amendment filing on March 29, 2014.

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Item 4 Advisory Business

- A. The Registrant is a Corporation formed on November 12, 1982 in the State of California. The Registrant became registered as an Investment Adviser Firm in January 1983. The Registrant is owned by Russell Schultz and Vicki Schultz. Mr. Schultz is the Registrant's President.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) combined investment advisory services and financial planning and related consulting services, as well as investment advisory services and financial planning and related consulting services on a stand-alone basis.

FINANCIAL ADVISORY SERVICES

Combined Integrated Personal Planning and Non-Discretionary Investment Management:

The client can determine to engage the Registrant to provide combined financial planning (which may include aspects of the client's financial situations, such as estate planning, insurance, income tax analysis, etc., the specific scope of which shall depend upon the client's specific situation and/or request) and non-discretionary investment management services on a *fee-only* basis. The Registrant's annual fee for such services shall be a fixed annual retainer (subject to a minimum annual fee for new clients). Before Registrant provides combined financial planning and non-discretionary investment management services on a *fee-only* basis, clients are required to enter into a *Financial Advisory Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. An adviser will then work with each client to establish the client's financial planning and investment objectives. The Registrant will then prepare the financial plan, and recommend that the client allocate investment assets consistent with the designated financial plan and investment objective(s). The Registrant will then implement or assist the client in implementing the financial plan objectives. Once the plan is agreed upon and implemented, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives.

Non-Discretionary Investment Management (Stand-Alone): To the extent requested by a client, the Registrant may provide non-discretionary investment management services for a stand-alone fee. The Registrant's annual fee shall be fixed and based upon a percentage (%) of the market value of the assets placed under the Registrant's management. Before Registrant provides stand-alone non-discretionary investment management services on a *fee-only* basis, clients are required to enter into a *Financial Advisory Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. An investment adviser representative will then ascertain each client's investment objectives and recommend that the client allocate investment assets consistent with the designated investment objective(s). Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives.

Financial Planning and Consulting Services (Stand-Alone): To the extent requested by a client, the Registrant *may* provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) for a stand-alone separate fee. Registrant's planning and consulting fees depend upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Advisory Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. The Registrant *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of the Registrant's services should be construed as same. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

MISCELLANEOUS

Independent Managers. The Registrant may recommend that the client allocate a portion of his/her/their/its assets by and/or among certain independent alternative/hedge fund/fixed income investment manager(s) (the "Independent Manager(s)"), consistent with the stated investment objectives of the client. The Registrant shall continue to render advisory services to the client relative to the ongoing monitoring and reviewing of account performance, as part of the Registrant's fixed annual retainer fee. Factors which the Registrant shall consider in allocating client assets among Independent Manager(s) include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager(s), together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are exclusive of, and in addition to, Registrant's fixed annual retainer fee.

Fee Differentials. As indicated below, the Registrant shall price its services based upon various objective and subjective factors. As a result, Registrant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by the Registrant to any particular client could be available from other advisers at different fees. All clients and prospective clients should be guided accordingly.

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Financial Advisory Agreement*.

Non-Discretionary Service Limitations. Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot effect any account transactions without obtaining prior verbal and written consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions without first obtaining the client's verbal and written consent.

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Unaffiliated Private Investment Funds. The Registrant may recommend that its clients consider the purchase of unaffiliated private investment funds on a non-discretionary basis. The Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. The terms and conditions for participation in the unaffiliated private investment funds, including management and incentive fees, conflicts of interest, and risk factors, are set forth in each fund's offering documents. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included for purposes of Registrant calculating its fixed annual retainer fee. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Please Note: Private Fund Risk Factors. Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Private Fund Valuation. In the event that the Registrant references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If the fund sponsor does not provide a post-purchase valuation, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date) or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects the initial purchase price (and/or a value as of a previous date), then the current value(s) (to the extent ascertainable) **could be significantly more or less than the original purchase price.**

- C. The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Registrant shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2014, the Registrant had \$208,672,920 in assets under management on a non-discretionary basis and \$1,101,807 in assets under management on a discretionary basis in their private investment fund.

Item 5 Fees and Compensation

- A. The client can engage the Registrant to provide combined financial planning (which may include aspects of the client's financial situations, such as estate planning, insurance, income tax analysis, etc., the specific scope of which shall depend upon the client's specific situation and/or request) and non-discretionary investment management on a *fee-only* basis, or non-discretionary investment management (on a stand-alone basis) on a *fee-only* basis.

FINANCIAL ADVISORY SERVICES

Combined Integrated Personal Planning and Non-Discretionary Investment Management:

The client can engage the Registrant to provide combined financial planning (which may include aspects of the client's financial situations, such as estate planning, insurance, income tax analysis, etc., the specific scope of which shall depend upon the client's specific situation and/or request) and non-discretionary investment management services on a *fee-only* basis. The Registrant's annual fee for such services shall be a fixed annual retainer (subject to a \$10,000 minimum annual fee for new clients) based upon the complexity of client assets and liabilities, the level and scope of the services required and the professional(s) rendering the service(s).

Registrant's annual fee is generally: 1% of the first million of assets placed under Registrant's management; 0.75% of the next million placed under management; and 0.5% on remaining assets under management exceeding \$2 million.

Registrant then evaluates the client's net worth and the complexity of the engagement, and adjusts the fee based upon whether the planning services will require additional time and/or resources. Registrant's annual fee is subject to increases of up to five percent (5%) per year if warranted. Registrant, in its sole discretion, may charge a lesser management fee or modify its minimum annual fee based upon certain criteria (i.e. historical relationship, type of assets to be managed, related accounts, anticipated future additional assets and earning capacity, account composition, negotiations with client, etc.). **See also Fee Differential** discussion above.

Non-Discretionary Investment Management (Stand-Alone): To the extent requested by a client, the Registrant may determine to provide non-discretionary investment management

services for a stand-alone fee. The Registrant's annual investment advisory fee shall be fixed and based upon a percentage (%) of the market value of the assets placed under the Registrant's management (generally 1% of the first million, .75% of the next million and .5% on assets over \$2 million). The Registrant, in its sole discretion, may charge a lesser annual investment advisory fee based upon certain criteria (i.e. historical relationship, type of assets to be managed, related accounts, anticipated future additional assets and earning capacity, account composition, negotiations with client, etc.).

Financial Planning and Consulting Services (Stand-Alone): To the extent specifically requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) for a stand-alone fee. Registrant's planning and consulting fees generally range between \$100 and \$400 per hour, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Financial Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's financial advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients either monthly or quarterly in advance, based upon the annual fixed fee.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses) to the broker-dealer/custodian.
- D. Registrant's annual advisory fees shall be prorated and paid monthly or quarterly, in advance. The *Financial Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Financial Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing period.
- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, estates, pension and profit sharing plans and charitable organizations. The Registrant generally requires a \$10,000 annual minimum fee for new clients for Integrated Personal Planning and Non-Discretionary Investment Management services. The Registrant, in its sole discretion, may charge a lesser management fee and/or waive or reduce its annual minimum fee requirement based upon certain criteria (i.e. historical relationship, type of assets to be managed, related accounts, anticipated future additional assets and earning capacity, account composition, negotiations with client, etc.). See Item 5 above for a description of how fees are determined.

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

Our investment process is to analyze different scenarios to see how various economic indicators and variables can affect the macroeconomic environment. Then we look at how these scenarios affect different investment strategies. Based on the client's financial planning goals and objectives, we develop a diversified investment portfolio. Each client's portfolio could vary depending on his/her investment parameters and may or may not include certain investment strategies. These investments can be executed either through mutual funds and/or private investment funds. We do not select individual equities or bonds on a regular basis, but may do so on occasion based on client objectives. Our philosophy is to invest in people who can execute a specific investment strategy.

We look for investment managers who have the ability to execute a strategy that is in line with the client's objectives. This could be in equities, fixed income, hedged strategies, energy, real estate, commodities or private equity. We perform due diligence on these managers and analyze their investment strategy. These managers could use fundamental, technical and/or cyclical analysis. They may invest, indirectly or directly, in a wide range of U.S. and non-U.S. equity and debt securities, commodities and other financial and investment vehicles, including, without limitation, U.S. and non-U.S. government and U.S. federal agency or instrumentality issued or guaranteed securities, floating rate instruments, equity interests (including common and preferred stock, warrants, options, convertible stock and restricted securities), other asset-backed securities collateralized by high yield bank loans, corporate debt instruments (including convertible debt instruments), as well as repurchase and reverse repurchase agreements, securities lending agreements, futures contracts, spot and forward contracts, options, swaps, and hybrid, synthetic and derivative instruments.

In selecting strategies, Registrant focuses on numerous factors, including, without limitation, recent performance, anticipated market conditions, diversification of strategies, and the economic coherence of the various strategies under consideration. Certain investments like energy, real estate and private equity are illiquid and require long term commitments.

In allocating assets, Registrant first determines which general investment strategy types it believes should be included in the client's portfolio based on their investment profile. Strategy types may from time to time be excluded from the portfolio and new ones added based on our recommendations to the client. This is done on a non-discretion basis. This means the client needs to approve any investment in his portfolio before the investment is made. Registrant does this so the client has an understanding of his/her investment portfolio and can inform us of any changes in his situation which might warrant changes in their investment portfolio.

Item 9 Disciplinary Information

On May 24, 2002, the Registrant filed a "Form D, Notice of Exempt Offering of Securities" with respect to an Alternative Fixed Income Fund and an Alternative Multi-Strategy Fund (the "Alternative Funds"). However, Registrant relied upon the erroneous advice of its counsel at the time, who advised that Registrant was not required to pay annual renewal fees after the initial filing. Therefore, based upon such erroneous advice, Registrant failed to pay annual renewal fees relative to the Alternative Funds and did not apply for an individual to serve as a Licensed Sales Representative with respect to the Alternative Funds between 2003 and November 2011. As a result, the State of Nevada Office of the Secretary of State, Securities Division (the "Division") concluded that the Registrant violated various provisions of the Nevada Administrative Code and the Nevada Revised Statutes. The Registrant entered into an Administrative Consent Order with the Division on November 13, 2012, which provided that the Registrant will: 1. cease from future violations of the Nevada Uniform Securities Act; 2. pay a civil penalty in the amount of \$4,500; and 3. pay a \$1,000 fee to the Division for its inspection of the Registrant's records. Commencing in November 2011, Registrant has addressed all deficiencies addressed in the Administrative Consent Order.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Private Investment Fund.** The Registrant is affiliated with and manages Sierra Nevada Multi-Strategy Fund, LLC, a private investment fund (the "*Fund*"). As of November 2013, the *Fund* is in the process of liquidating and will no longer accept subscriptions from new investors.
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the *Registrant* has only one Access Person, he or she shall not be required to submit any securities report described above.

- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Financial Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Schwab* (or any other broker-dealer/custodian) to clients include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's annual retainer fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Schwab* (or another broker-dealer/custodian, or unaffiliated manager/fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis travel expenses and attendance at conferences, meetings, and other educational and/or social events (which may also include transportation and lodging), marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its financial advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding

commitment made by the Registrant to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

The Registrant's Chief Compliance Officer, Kristina McCabe, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance

The Registrant's Chief Compliance Officer, Kristina McCabe, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *Schwab*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Schwab*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

The Registrant's Chief Compliance Officer, Kristina McCabe, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

Item 15 Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a monthly or quarterly basis based upon the annual fixed fee. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.

The Registrant's management of the *Fund* currently requires disclosure at the Custody section of Part 1 of Form ADV, which practices and/or services are subject to annual audit requirements in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. The Registrant's Chief Compliance Officer, Kristina McCabe, remains available to address any questions that a client or prospective client may have regarding custody-related issues.

Item 16 Investment Discretion

The Registrant does not manage client assets on a discretionary basis.

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. 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.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, for six months or more in advance.
- B. The Registrant is the manager of the "Sierra Nevada Multi-Strategy Fund LLC" (the "Fund.") The Registrant maintains discretionary authority with respect to the Fund, however, the Fund is in the process of winding down. Therefore, the Fund is not accepting any new investments, and no changes are being made (buying or selling) to the assets currently held by the Fund.

Except as stated above with respect to its discretionary management authority for the Fund, the Registrant does not manage client assets on a discretionary basis.

- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, Kristina McCabe, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.