

Prestige Wealth Management Group, LLC

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ADV Part 2A, Appendix 1 Wrap Fee Program Brochure

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This brochure provides information about the qualifications and business practices of Prestige Wealth Management Group, LLC (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (908)782-0001. 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 Prestige Wealth Management Group, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Prestige Wealth Management Group, LLC 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

Since Prestige Wealth Management Group’s last Annual Amendment filing on February 22, 2014, there have been no material changes to this brochure.

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Item 4 **Services, Fees and Compensation**

- A. Prestige Wealth Management Group, LLC (the “Registrant”) is a limited liability company that was formed in October 1994 in the State of New Jersey. The Registrant became registered as an Investment Adviser Firm in March 1995. Roy Williams and Steve Linden are the Registrant’s members.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary investment advisory services on a wrap or non-wrap *fee* basis. (*See* discussion below). If a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client’s particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

Registrant's annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

PRESTIGE WEALTH WRAP FEE PROGRAM

The Registrant provides investment management services on a wrap fee basis in accordance with the Registrant’s investment management wrap fee program (the “Program”). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from 0.50% to 2.00% of the assets placed into the Program.

Under the Program, the Registrant, if engaged on a discretionary basis, shall be provided with written authority to determine which securities and the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in the written agreement between each client and the Registrant. Clients may change/amend these limitations, in writing, at any time. The client shall have reasonable access to one of the Registrant’s investment professionals to discuss their account.

Charles Schwab & Co. Inc., member SIPC (“*Schwab*”) TD Ameritrade, Inc., member FINRA/SIPC/NFA (“*Ameritrade*”), or Fidelity Brokerage Services, LLC member NYSE/SIPC (“*Fidelity*”) (collectively, the “*Custodians*”) shall serve as the custodian for Program accounts.

Fee Calculation: The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

Fee Payment: Clients will be charged in advance, at the beginning of each calendar quarter based upon the market value of the assets on the last business day of the previous quarter.

Fee Differentials. 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 Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Please Note: Investment Performance: As a condition to participating in the Program, the participant **must** accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy (**including** the investments and/or investment strategies purchased and/or undertaken by the Registrant) **may not:** (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance level(s) or any other performance level(s).

- B. Participation in the Program may cost more or less than purchasing such services separately. Also the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged by the Registrant, the amount of portfolio activity in the client's account, and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and/or if the Registrant were to negotiate transaction fees and seek best price and execution of transactions for the client's account.

- C. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, fees charged by *Independent Managers*, fees charged by our affiliated investment adviser, Pillar Strategies, transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than the *Custodians*, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depositary Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.
- D. Registrant's related persons who recommend the Program to clients do not receive compensation as a result of a client's participation in the wrap fee program.

Item 5 Account Requirements and Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, estates, and charitable organizations, pension and profit sharing plans. The Registrant, in its sole discretion, may reduce its investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Item 6 Portfolio Manager Selection and Evaluation

- A. The Registrant may allocate a portion of a client's Program assets among unaffiliated independent investment managers or affiliated investment managers in accordance with the client's designated investment objective(s). In such situations, the other Manager(s) shall have day-to-day responsibility for the active discretionary management of the allocated Program assets. The Registrant shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending the other Manager(s) include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.
- B. The Registrant acts as the portfolio manager for the Program. Inasmuch as the execution costs for transactions effected in the client account will be paid by the Registrant, a potential conflict of interest arises in that the Registrant may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by the Registrant as a result of the client's participation in the Program may be more than what the Registrant would receive if the client paid separately for investment advice, brokerage and other services.

As the Program sponsor, the Registrant shall be responsible for the primary management of the Program, including the selection and termination of all *Independent Manager[s]*. Once selected, *Independent Manager[s]* shall be responsible for day-to-day management and selection of securities for the account.

- C. As discussed below, the Registrant also offers to its clients discretionary and non-discretionary investment advisory services, on a non-wrap fee basis.

OTHER ADVISORY BUSINESS SERVICES

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary investment advisory services on a non-wrap *fee* basis. (*See* discussion below). If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

NON-WRAP FEE BASIS

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. The Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management, generally between 0.45% and 1.95%. Registrant's annual investment advisory fee shall be based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under Registrant's direct management, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. (See also Fee Differential discussion above.) Before engaging Registrant to provide investment advisory services, clients are required to enter into a discretionary *Investment Advisory Agreement*, setting forth the terms and conditions of the engagement (including termination), which describes the fees and services to be provided.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent 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.) on a stand-alone separate fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$3,500 to \$50,000 on a fixed fee basis, and from \$500 to \$750 on an hourly rate basis, depending 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 Planning and Consulting 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.

MISCELLANEOUS ADVISORY SERVICES DISCLOSURE

Non-Investment Consulting/Implementation Services. To the extent requested by the client, 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 and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). 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:** Each client is advised that it remains the client's responsibility to promptly notify the Registrant if there is ever any change in client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Separately Managed Account Programs. Registrant may allocate a portion of a client's investment assets among unaffiliated Separately Managed Account programs in accordance with the client's designated investment objective(s). In such situations, the Separately Managed Account Manager shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending Separately Managed Account programs include the client's designated investment objective(s) as applied to the Separately Managed Account program: management style, performance, reputation, financial strength, reporting, pricing, and research.

Please Note: Cash Positions. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), the Registrant may maintain cash positions for defensive purposes. All cash positions (money markets, etc) shall be included as part of assets under management for purposes of calculating the Registrant's advisory fee.

Please Note: Inverse/Enhanced Market Strategies. The Registrant may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

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.

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV (and as applicable, any Separately Managed Account Manager's written Brochure as set forth on Part 2A of Form ADV) shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

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.

Please Note: There is no material difference between how the Registrant manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) (*See* Item 4.A). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

Performance Based Fees and Side-By-Side Management

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

Methods of Analysis, Investment Strategies and Risk of Loss

The Registrant shall utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

Please Note: Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

Currently, the Registrant primarily allocates client investment assets among various equities (stocks), debt (bonds), and fixed income securities, mutual funds, separate account managers, independent managers, MLPs and/or ETFs (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), on a discretionary basis in accordance with the client's designated investment objective(s). (*See* Affiliated Investment Advisor and Unified Managed Accounts, below).

Voting Client Securities

The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities 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 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 7 Client Information Provided to Portfolio Managers

The Registrant shall be the Program's portfolio manager. 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.

As indicated above, 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.

To the extent the Program utilizes *Independent Manager[s]*, the Registrant shall provide the *Independent Manager[s]* with each client's particular investment objective(s). Any

changes in the client's financial situation or investment objectives reported by the client to the Registrant shall be communicated to the *Independent Manager[s]* within a reasonable period of time.

Item 8 Client Contact with Portfolio Managers

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

Item 9 Additional Information

- A. The Registrant has not been the subject of any disciplinary actions.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Other Investment Adviser Firm: Prestige Wealth Services Group, Inc. The Registrant's owners, Roy Williams and Steve Linden, also own Prestige Wealth Services Group, Inc. ("*Pillar Strategies*"), an affiliated SEC registered investment advisor firm. The Registrant may refer certain clients to *Pillar Strategies* for advisory services. The Registrant shall not receive direct compensation for any referral made to *Pillar Strategies*. The Registrant may, on a discretionary basis, allocate a portion of a client's assets in UMAs sponsored by *Pillar Strategies*, for which a client will incur additional fees. This presents a *conflict of interest* as Mr. Williams may receive a direct economic benefit from the advisory fee charged to the client for investing in the UMAs. No client is under any obligation to engage the services of *Pillar Strategies* or allocate a portion of their investment management accounts in the UMAs sponsored by *Pillar Strategies*. **The Registrant's Chief Compliance Officer, Roy E. Williams, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

Registered Representatives of Triad Certain of the Registrant's investment advisor representatives are registered representatives of *Triad*, a FINRA member broker-dealer. Clients may choose to engage, these representatives in their individual capacities as a registered representatives of *Triad*, to implement investment recommendations on a commission basis

Licensed Insurance Agents Certain of the Registrant's investment advisor representatives are, in their individual capacities, licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. Clients can engage these representatives to effect insurance transactions on a commission basis.

Conflict of Interest: The recommendation by the Registrant or its representatives that a client purchase an insurance or securities commission product presents a *conflict of interest*. The recommendation to purchase a securities and/or insurance commission product is a conflict because the receipt of commissions and/or fees may provide an incentive for the recommendation based on commissions and/or fees to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from the Registrant's representatives. Clients are reminded that

they may purchase securities and/or insurance products recommended by Registrant through other, registered representatives of a broker-dealer and/or non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, Roy E. Williams, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

Certified Public Accountant. Registrant's members are also members of Prestige Wealth Accounting Group, LLC ("PWAG"), a certified public accounting firm. To the extent that PWAG provides accounting and/or tax preparation services to any clients, including clients of the Registrant, all such services shall be performed by PWAG, in its individual professional capacity, independent of the Registrant, for which services Registrant shall not receive any portion of the fees charged by PWAG, referral or otherwise. It is expected that the members of PWAG, solely incidental to their respective practices as Certified Public Accountants with PWAG, shall recommend the Registrant's services to certain of PWAG's clients. Although PWAG shall not receive referral fees from the Registrant, members of PWAG shall be entitled to receive distributions relative their ownership interest in Registrant. PWAG is not involved in providing investment advice on behalf of the Registrant, nor does PWAG hold itself out as providing advisory services on behalf of the Registrant. **The Registrant's Chief Compliance Officer, Roy E. Williams, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

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.

Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.

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 Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of the 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.

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, 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.

REVIEW OF ACCOUNTS

For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals. 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.

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.

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.

CLIENT REFERRALS AND OTHER COMPENSATION

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

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at the *Custodians* as a result of this arrangement. There is no corresponding commitment made by the Registrant to the *Custodians* 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, Roy E. Williams, 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.

If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

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 the *Custodians* (or another broker-dealer/custodian) 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 attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment 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 the *Custodians* as a result of this arrangement. There is no corresponding commitment made by the Registrant to the *Custodians* 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.

Schwab Advisor Services

The Registrant may recommend that clients establish brokerage accounts with *Schwab*, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with *Schwab* is at the discretion of the client. The Registrant is independently owned and operated and not affiliated with *Schwab*.

Schwab provides the Registrant 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 advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at *Schwab*.

Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab does not generally charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through *Schwab* or that settle into *Schwab* accounts.

Schwab also makes available to the Registrant other products and services that benefit the Registrant but may not benefit its clients' accounts. These benefits may include national, regional or firm specific educational events organized and/or sponsored by *Schwab*. Other potential benefits may include occasional business entertainment, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist the Registrant in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Registrant's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or some substantial number of the Registrant's accounts, including accounts not maintained at *Schwab*. *Schwab* also makes available to the Registrant other services intended to help the Registrant manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, *Schwab* may make available, arrange and/or pay vendors for these types of services rendered to the Registrant by independent third parties. *Schwab* 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 the Registrant.

While, as a fiduciary, the Registrant endeavors to act in its clients' best interests, the Registrant's recommendation that clients maintain their assets in accounts at *Schwab* may be based in part on the benefit to the Registrant of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by *Schwab*, which may create a potential conflict of interest.

The Registrant receives economic benefits from *Schwab* in the form of the support products and services it makes available to the Registrant and other independent investment advisors that have their clients maintain accounts at *Schwab*. These products

and services, how they benefit the Registrant, and the related conflicts of interest are described above. The availability to the Registrant of *Schwab's* products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

The availability of these services from *Schwab* benefits the Registrant because the Registrant does not have to produce or purchase them. The Registrant doesn't have to pay for *Schwab's* services so long as the Registrant keeps a total of at least \$10 million of client assets in accounts at *Schwab*. The \$10 million minimum may give the Registrant an incentive to recommend that clients maintain their accounts with *Schwab* based on the Registrant's interest in receiving *Schwab's* services that benefit its business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of their transactions. This is a potential conflict of interest. The Registrant believes however, that its recommendation of *Schwab* as a custodian and broker is in the best interests of its clients. It is primarily supported by the scope, quality and price of *Schwab's* services and not *Schwab's* services that benefit only the Registrant.

TD Ameritrade Institutional Advisor Program

The Registrant participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of *Ameritrade*, an unaffiliated SEC-registered broker-dealer and FINRA member. *Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. The Registrant receives some benefits from *Ameritrade* through its participation in the Program.

As disclosed above, Registrant participates in *Ameritrade's* institutional customer program and Registrant may recommend *Ameritrade* to Clients for custody and brokerage services. There is no direct link between the Registrant's participation in the program and the investment advice it gives to its Clients, although Registrant receives economic benefits through its participation in the program that are typically not available to *Ameritrade* retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Registrant by third party vendors. *Ameritrade* may also have paid for business consulting and professional services received by Registrant's related persons. Some of the products and services made available by *Ameritrade* through the program may benefit Registrant but may not benefit its Client accounts.

These products or services may assist Registrant in managing and administering Client accounts, including accounts not maintained at *Ameritrade*. Other services made available by *Ameritrade* are intended to help the Registrant manage and further develop its business enterprise. The benefits received by the Registrant or its personnel through participation in the program do not depend on the amount of brokerage transactions

directed to *Ameritrade*. As part of its fiduciary duties to clients, the Registrant endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Registrant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Registrant's choice of *Ameritrade* for custody and brokerage services.

TD Ameritrade Additional Services

Registrant also receives from *Ameritrade* certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in *Ameritrade* IA Program, including the use of the Tamarac™ platform.

Ameritrade provides the Additional Services to Registrant in its sole discretion and at its own expense, and Registrant does not pay any fees to *Ameritrade* for the Additional Services. Registrant and *Ameritrade* have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Registrant's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Registrant, *Ameritrade* most likely considers the amount and profitability to *Ameritrade* of the assets in, and trades placed for, Registrant's client accounts maintained with *Ameritrade*. *Ameritrade* has the right to terminate the Additional Services Addendum with Registrant, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from *Ameritrade*, Registrant may have an incentive to recommend to its clients that the assets under management by Registrant be held in custody with *Ameritrade* and to place transactions for client accounts with *Ameritrade*. Registrant's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including the obligation to seek best execution of trades for client accounts.

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

FINANCIAL INFORMATION

The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.

The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

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

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