

## **Item 1 –Cover Page**

### **IFS Advisors, Inc.**

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Date of Brochure: March 31, 2015

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This brochure provides information about the qualifications and business practices of IFS Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (941) 907-8888. 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 IFS Advisors, Inc. is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching for IFS Advisors, Inc.'s name or by using its CRD number: 153975.

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

## **Item 2 – Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that IFS Advisors, Inc. provides to clients as required by applicable rules and regulations. This Disclosure Brochure, dated March 31, 2011, is a new document prepared according to the new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous Form ADV Part II and Schedule F did not require. In the future, this item will discuss only specific material changes that are made to the Disclosure Brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of the brochure.

In the past our firm has offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new rules, we will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

We have updated this section to discuss material changes made to this document since the last update on September 29, 2014. The next annual update is expected to occur in March 2016.

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### Summary of Material Changes since the Last Annual Update in March 2014

1. In September 2014 IFS Advisors, Inc. Assets Under Management grew to the point in which the firm became eligible to change their primary regulatory authority to the U.S. Securities and Exchange Commission.

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## **Item 4 – Advisory Business**

### **Ownership**

IFS Advisors, Inc. (“Advisor” or “we”) has been an investment advisor registered with the State of Florida since January 2011. In September 2014 the firm became eligible to register with the U.S. Securities and Exchange Commission. We are a Florida corporation and our owner is Daniel J. Wolff.

### **General Description of Primary Advisory Services**

We offer personalized investment advisory services including financial planning and asset management services. The following are brief descriptions of our primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients (“clients” or “you”) can review the services and description of fees more thoroughly.

#### ***Financial Planning Services***

Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning and other areas. The role of a financial planner is to find ways to help clients understand their overall financial situation and help them set financial objectives.

We offer advisory services in the form of modular financial plans. These services do not involve actively managing your accounts. Instead, comprehensive planning services focus on your overall financial situation. Modular planning services focus on specific areas of concern to you.

#### ***Asset Management Services***

We offer asset management services providing you with continuous and on-going supervision over your accounts. This means that we continuously monitor your account and make trades in that account when necessary.

### **Limits Advice to Certain Types of Investments**

We limit our investment advice to the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial debt)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Interests in real estate partnerships investing in oil and gas interests

Although our advice is generally limited to the investment products listed above, we reserve the right to advise clients on any investment product that may fit their specific needs, desires or objectives. Please refer to **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss** for more information.

#### **Tailor Advisor Services to Individual Needs of Clients**

Our services are always provided based on your specific needs. You have the ability to impose restrictions on your accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

#### **Wrap-Fee Program versus Portfolio Management Program**

We offer services through both traditional and wrap-fee management programs. In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services (including portfolio management or advice regarding selecting other investment advisors) and transaction services are provided for one fee. The Financial Advisors Program, LifeGuide Program and Managed Opportunities Program (described in **Item 5, Fees and Compensation**) are wrap-fee programs offered in conjunction with Securities America, Inc.

Any other accounts managed by IFS are not wrap-fee programs and will have certain fees, whether transaction-related or other, passed through to the client. These will include, among other things, transaction costs for unsolicited orders, annual maintenance fees, and fees for holding non-traditional assets. Whenever a fee is charged to a client for services described in this Disclosure Brochure (whether wrap fee or non-wrap fee), we may receive a portion of the fee charged, but typically, they will match the transaction cost incurred.

From a management perspective, there is not a fundamental difference in the way we manage traditional management accounts versus wrap-fee management accounts. The only significant difference is the way in which transaction services are paid.

#### **Client Assets Managed by Advisor**

As of December 31, 2014, the total advisory Assets Under Management for IFS Advisors, Inc., were \$105,151,952. This number is comprised of \$96,378,387 in Discretionary Assets and \$8,773,565 in Non-Discretionary Assets. This number does not include client assets managed in a separate capacity as registered representatives of Securities America, Inc. to render securities brokerage services under a commission arrangement, outside of their role as investment advisor representatives with us.

### **Item 5 – Fees and Compensation**

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

## **Financial Planning Services**

### ***Financial Plans***

We offer financial plans that can be either oral or written and segmented or comprehensive. Plans can include, but are not limited to, the following topics:

- Budget and cash flow analysis
- Income tax planning (tax advice and recommendations related to capital gains issues)
- Education planning
- Retirement planning
- Estate planning
- Investment analysis and planning

Our investment advisor representatives (“representatives”) meet with you to gather information and documentation needed to perform an analysis and review of your situation as well as your objectives and goals. Information collected can include completed client data and risk analysis questionnaires, tax returns, financial statements, wills, trusts and insurance policies. The initial meeting is free. One or more meetings may be required in order to gather all needed information and determine the services best suited to help meet your needs.

We rely on the information provided by you. Therefore, it is very important that the information you provide is complete and accurate. We are not responsible for verifying the information supplied by you or your other professional consultants (i.e., attorney, accountant, etc.). You are also urged to work closely with you attorney, accountant or other professionals regarding you financial and personal situation. We also request that you notify us if there is ever a change in your financial situation or investment objectives so that we can review, evaluate and/or revise any prior recommendations made or services provided.

After completing a review and analysis of the information and documents received, our representatives develop their analyses and recommendations and present the requested plan. A comprehensive plan focuses on your overall financial situation and covers several of the areas previously noted, as needed by your specific situation. A modular (segmented) plan focuses only on one or more specific area(s) of concern, and you should be aware that other important issues may not be taken into consideration when our representatives develop their analyses and recommendations relative to actions and investment strategies designed to attain your goals and objectives.

Fees for financial planning services are charged as a fixed fee not exceeding \$10,000 and negotiable based upon the complexity of your situation and the actual services requested. Fees are disclosed to you prior to services being provided. A retainer of one-half of the quoted fee may be due at the time you sign the client agreement, with the remainder due when the plan is presented to you. We provide you with a billing statement detailing the charges and it is due and payable upon receipt.

Fees are due and payable upon receipt of our billing statement. All fees are negotiable based on the actual services provided and the complexity of your situation.

## ***Termination***

Financial planning services continue in effect until terminated by the parties. Either party can terminate services at any time by submitting oral or written notice to all appropriate parties. If oral notice is received, a written confirmation is required. Termination is effective immediately upon receiving notice. If services are terminated within five business days of signing the client agreement, they are terminated without penalty. If services are terminated after the initial five business days, you are responsible for paying fees for the time and effort expended by us prior to the effective date of termination. We provide you with a billing statement detailing the fees charged and any prorated refund due to you or prorated fee due from you.

## ***Commission and Fee Offset***

In addition to providing advisory services, our representatives are also registered representatives and insurance agents. You may select any broker/dealer or insurance agent you wish to implement any transactions recommended us. If you elect to have our representatives implement any transactions in these separate capacities, they may earn commissions in addition to the fees charged for advisory services.

## **Asset Management Services**

Some of our clients elect to engage us to provide fee-based asset management services where we are solely responsible for making all investment recommendations and also for making changes to the managed account. If you elect to engage us for this service, we develop an individualized investment program for your account(s). We provide various investment strategies through our management services; a specific investment strategy and investment policy is crafted for you and focuses on your specific goals and objectives. When managing assets, we may also utilize model portfolios provided by institutional investment strategists and/or introduce you to investment managers who provide discretionary management of individual portfolios. Asset management services are separate from and in addition to the financial planning services previously discussed.

To provide these services, we need to obtain certain information from you to determine your financial situation and investment objectives. **You** are reminded to notify us whether your financial situation or investment objectives have changed or if you want to impose and/or modify any reasonable restrictions on management of your accounts. At least annually, we contact you to determine whether your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on your managed accounts. We are always reasonably available to consult with you relative to the status of your accounts. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities. Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. A separate account is maintained for you with the custodian and you retain right of ownership of the account (e.g., the right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations).

It is important that you understand we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.



Conflicts may arise in allocating investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed appropriate for your account(s) and other accounts advised by us equitably and consistent with the best interests of all accounts involved. However, there is no assurance that a particular investment opportunity that comes to our attention is allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to your or any other client or use it for any client's benefit.

### ***SELECTOR Program***

We offer asset management services, including giving continuous investment advice and/or making investments for you based on your individual needs, goals and objectives. Our representatives assist you in selecting an asset allocation model based on your investment objectives, financial condition, tax situation, time horizon and risk tolerance. The selected model may contain multiple baskets of equity and/or fixed income investment vehicles, including, but not limited to:

- Money market funds
- U.S. Government securities
- Foreign or global government securities
- U.S. corporate securities
- Foreign corporate securities
- Municipal bonds
- Fixed and variable annuities
- Fixed income mutual funds
- Income producing limited partnerships or REITS

Our representatives reallocate or reposition your assets using asset allocation models developed by a third party investment advisor. The third party investment advisor is an outside professional consultant only and does not serve as co-advisor or sub-advisor on your accounts. Typically, position changes occur every 60-180 days but can occur as frequently as weekly or monthly. Account positions may also remain intact for long periods of time if our representatives deem it appropriate. Any asset reallocation can trigger taxable events except when involving IRA, Roth IRA, 401(k), 403(b), tax-deferred annuities, or other qualified retirement plan accounts. In addition, depending on the trading platform, frequent trading may cost you higher expenses when compared to a traditional buy-and-hold method.

We require SELECTOR Program accounts to be maintained at a custodian chosen by us (currently using TD Ameritrade), hereafter referred to as "Custodian". See **Item 12, Brokerage Practices**, for additional discussion on our recommendation and use of Custodian. We assist you in establishing a managed account through Custodian, and Custodian maintains custody of your funds and securities. Neither we nor our representatives act as Custodian and we do not have access to your funds and securities except to have advisory fees deducted from your account by the Custodian with your prior written authorization and then paid to us. Our representatives also assist you in executing transactions in the account.

There is a \$50,000 minimum required to establish a managed account, although exceptions can be granted upon request (e.g., additional deposits are made within 90 days to reach the required minimum). In addition, household members are allowed to aggregate or bundle household accounts to meet the account minimum.

We are granted trading authorization on your accounts and provide management services on either a discretionary or non-discretionary basis. On a discretionary basis, we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before making any transactions. You must provide us with written authorization to exercise this discretionary authority and can place reasonable restrictions and limitations on the authority and portfolio holdings. On a non-discretionary basis, we contact you prior to making any transactions in your account. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

Fees for the SELECTOR Program do not exceed 2.75% annually and are negotiable based on the complexity of your financial situation and the anticipated advisory services to be provided. Fees are billed quarterly, in advance, based on the account value on the last business day of the previous quarter or the first business day of the new quarter, as applicable. Accounts opened mid-quarter are prorated.

You have the option to have management fees deducted from an account or to be billed directly. If deducted from an account, you must provide Custodian with written authorization to have fees deducted and paid to us. At the beginning of a new quarter, we send a payment request to Custodian to have the fees deducted. At least quarterly, the Custodian sends you an account statement reflecting the advisory fees deducted from the account. If you elect to pay directly, we provide you with a detailed billing statement and fees are due immediately upon receiving it.

Custodian may charge separately for maintaining custody of your accounts and may also charge brokerage commissions and/or transaction fees directly to you. We do not receive any portion of the commission or fees from either the custodian or from you. In addition, you may incur certain charges imposed by third parties other than us in connection with investments made through your account, including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Our management fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each security prospectus.

Either party may terminate services by providing oral or written notice to the other. If oral notice is received, a written confirmation is required. Termination is effective immediately upon receiving notice. If services are terminated within five business days of signing the client agreement, they are terminated without penalty. If services are terminated after the initial five business days, you are responsible for paying fees for the time and effort expended by us prior to the effective date of termination. We provide you with a billing statement detailing the fees charged and any prorated refund due to you or prorated fee due from you. Custodian also provides you with a fee statement showing advisory fees deducted from your account.

### ***Broad Allocation Selection of Investment Choices Program***

In the Broad Allocation Selection of Investment Choices (BASIC) Program, our representatives assist you in selecting an asset allocation model based on your investment objectives, financial condition, tax situation, time horizon and risk tolerance. The selected model may consist of a portfolio of general mutual fund asset classes and/or sub-accounts of variable annuity positions. These investment vehicles can be equity and/or fixed income. Fixed income allocations can include, but are not limited to:

- Money market funds

- U.S. Government securities
- Foreign or global government securities
- U.S. corporate securities
- Foreign corporate securities
- Municipal bonds
- Diversified and/or strategic securities

Equity allocations can include, but are not limited to:

- Equity income
- Growth and income
- Growth
- Aggressive Growth
- Global
- International
- Emerging Markets
- Special situations

Your assets are reallocated or repositioned as our representatives believe appropriate. Any asset reallocation can trigger taxable events except when involving IRA, Roth IRA, 401(k), 403(b), tax-deferred annuities, or other qualified retirement plan accounts. You can also incur commissions and/or fees charged every time assets are reallocated.

We require BASIC Program accounts to be maintained at Custodian. See **Item 12, Brokerage Practices**, for additional discussion on our recommendation and use of Custodian. We assist you in establishing a managed account through Custodian, and Custodian maintains custody of your funds and securities. Neither we nor our representatives act as custodian and we do not have access to your funds and securities except to have advisory fees deducted from your account by the custodian with your prior written authorization and then paid to us. Our representatives also assist you in executing transactions in the account.

There is a \$50,000 minimum required to establish a managed account, although exceptions can be granted upon request (e.g., additional deposits are made within 90 days to reach the required minimum). In addition, household members are allowed to aggregate or bundle household accounts to meet the account minimum.

We are granted trading authorization on your accounts and provide management services on either a discretionary or non-discretionary basis. On a discretionary basis, we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before making any transactions. You must provide us with written authorization to exercise this discretionary authority and can place reasonable restrictions and limitations on the authority and portfolio holdings. On a non-discretionary basis, we contact you prior to making any transactions in your account. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

Fees for the BASIC Program do not exceed 2.75% annually and are negotiable based on the complexity of your financial situation and the anticipated advisory services to be provided. Fees are billed quarterly,

in advance, based on the account value on the last business day of the previous quarter or the first business day of the new quarter, as applicable. Accounts opened mid-quarter are prorated.

You have the option to have management fees deducted from an account or to be billed directly. If deducted from an account, you must provide Custodian with written authorization to have fees deducted and paid to us. At the beginning of a new quarter, we send a payment request to Custodian to have the fees deducted. At least quarterly, the Custodian sends you an account statement reflecting the advisory fees deducted from the account. If you elect to pay directly, we provide you with a detailed billing statement and fees are due immediately upon receiving it.

Custodian may charge separately for maintaining custody of your accounts and may also charge brokerage commissions and/or transaction fees directly to you. We do not receive any portion of the commission or fees from either the custodian or from you. In addition, you may incur certain charges imposed by third parties other than us in connection with investments made through your account, including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Our management fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each security prospectus.

Either party may terminate services by providing oral or written notice to the other. If oral notice is received, a written confirmation is required. Termination is effective immediately upon receiving notice. If services are terminated within five business days of signing the client agreement, they are terminated without penalty. If services are terminated after the initial five business days, you are responsible for paying fees for the time and effort expended by us prior to the effective date of termination. We provide you with a billing statement detailing the fees charged and any prorated refund due to you or prorated fee due from you. Custodian also provides you with a fee statement showing advisory fees deducted from your account.

### ***Exchange Traded Funds Allocation and Managed Account Program***

In the Exchange Traded Funds Allocation and Managed Account (ETF) Program, our representatives assist you in selecting an asset allocation model based on your investment objectives, financial condition, tax situation, time horizon and risk tolerance. Typically, position changes occur every 14-45 days but can occur daily, weekly, monthly or quarterly. Any asset reallocation can trigger taxable events except when involving IRA, Roth IRA, 401(k), 403(b) or other qualified retirement plan accounts. You can also incur commissions and/or fees every time assets are reallocated.

We require ETF Program accounts to be maintained at Custodian. See **Item 12, Brokerage Practices**, for additional discussion on our recommendation and use of Custodian. We assist you in establishing a managed account through Custodian, and Custodian maintains custody of your funds and securities. Neither we nor our representatives act as custodian and we do not have access to your funds and securities except to have advisory fees deducted from your account by the custodian with your prior written authorization and then paid to us. Our representatives also assist you in executing transactions in the account.

There is a \$50,000 minimum required to establish a managed account, although exceptions can be granted upon request (e.g., additional deposits are made within 90 days to reach the required minimum).

In addition, household members are allowed to aggregate or bundle household accounts to meet the account minimum.

We are granted trading authorization on your accounts and provide management services on either a discretionary or non-discretionary basis. On a discretionary basis, we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before making any transactions. You must provide us with written authorization to exercise this discretionary authority and can place reasonable restrictions and limitations on the authority and portfolio holdings. On a non-discretionary basis, we contact you prior to making any transactions in your account. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

Fees for the ETF Program do not exceed 2.75% annually and are negotiable based on the complexity of your financial situation and the anticipated advisory services to be provided. Fees are billed quarterly, in advance, based on the account value on the last business day of the previous quarter or the first business day of the new quarter, as applicable. Accounts opened mid-quarter are prorated.

You have the option to have management fees deducted from an account or to be billed directly. If deducted from an account, you must provide Custodian with written authorization to have fees deducted and paid to us. At the beginning of a new quarter, we send a payment request to Custodian to have the fees deducted. At least quarterly, Custodian sends you an account statement reflecting the advisory fees deducted from the account. If you elect to pay directly, we provide you with a detailed billing statement and fees are due immediately upon receiving it.

Custodian may charge separately for maintaining custody of your accounts and may also charge brokerage commissions and/or transaction fees directly to you. We do not receive any portion of the commission or fees from either the custodian or from you. In addition, you may incur certain charges imposed by third parties other than us in connection with investments made through your account, including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Our management fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each security prospectus.

Either party may terminate services by providing oral or written notice to the other. If oral notice is received, a written confirmation is required. Termination is effective immediately upon receiving notice. If services are terminated within five business days of signing the client agreement, they are terminated without penalty. If services are terminated after the initial five business days, you are responsible for paying fees for the time and effort expended by us prior to the effective date of termination. We provide you with a billing statement detailing the fees charged and any prorated refund due to you or prorated fee due from you. Custodian also provides you with a fee statement showing advisory fees deducted from your account.

### ***Financial Advisors Program and LifeGuide Program***

We provide asset management services through the Financial Advisors Program ("FAP") and LifeGuide Program ("LifeGuide") offered and sponsored by Securities America Advisors, Inc. ("SAA"), an investment advisor registered with the Securities and Exchange Commission. Both FAP and LifeGuide are wrap-fee programs providing investment advisory services and execution of client transactions and the specified

fees are not based directly on transactions in your account. Under FAP and LifeGuide, our representatives assist you in establishing one or more FAP and/or LifeGuide accounts with SAA.

There are no minimum amounts required to establish and maintain a FAP account but \$50,000 is required to establish and maintain a LifeGuide account. All brokerage transactions are processed by Securities America, Inc. ("SAI"), the affiliated broker/dealer of SAA, and cleared through National Financial Services, LLC ("NFS") pursuant to a clearing arrangement established by SAI with NFS. Neither we nor our representatives act as custodian of your account or have direct access to your funds and/or securities.

SAA has also entered into agreements with various insurance companies that allow for the management and valuation of client variable annuity accounts within SAA's FAP and/or LifeGuide. NFS, insurance companies or other custodians maintain physical custody of all funds and securities. Please see **Item 15, Custody**, for additional information. Our representatives implement securities transactions for FAP and LifeGuide accounts in their separate capacity as registered representatives of SAI. See, **Additional Compensation**, below.

The annual management fee is negotiable, with 3.00% being the maximum charged. If the account has only mutual funds, then the maximum fee is 2.25%. We consider the overall complexity and size of your account when determining fees. SAA retains up to 20 basis points (0.20%) of the annual management fee for FAP accounts and up to 15% of the annual management fee for LifeGuide accounts. The remainder of the fee charged to you is paid to us. SAA is responsible for collecting all fees paid by you through FAP and journals our portion of the advisory fee to us. Please note that our fees may be higher than fees charged by other financial professionals providing similar services.

We may invest a portion of your assets in mutual funds, exchange traded funds (ETFs) or variable annuities and charge an investment management fee on your assets invested in these securities. Therefore, you may pay two levels of fees for management of your assets: one directly to us and one indirectly to the managers of the mutual funds, ETFs or variable annuities held in your portfolios.

A complete description of FAP and LifeGuide related fees, charges, when due, and termination procedures are described in the FAP and LifeGuide Disclosure Brochure Appendices (Wrap Fee Program Brochures) prepared by SAA and which is given to you prior to or at the time a FAP and/or LifeGuide account is established.

### ***Managed Opportunities Program***

We have established a relationship with SAA to participate in its Managed Opportunities Program ("Managed Opportunities"). Managed Opportunities is a wrap fee program developed by SAA that provides clients with the opportunity to establish mutual fund portfolios, separate account portfolios and unified managed account portfolios developed by third party money managers who are registered as investment advisors (collectively referred to as sub-advisors).

Through Managed Opportunities, we act as a referral party when referring you into the mutual fund portfolios, separate account portfolios and unified managed account portfolios options in Managed Opportunities. SAA's Managed Opportunities receives administrative, web site, transaction order entry services and other services from Oberon Financial Technology, Inc ("Oberon"), a registered investment advisor, and other sub-advisors.

Managed Opportunities offers us directed portfolios through which we can work and advise you in selecting investments constituting a portion of Managed Opportunities.

Your portfolio may be managed by SAA or other sub-advisors that SAA has established relationships with. You grant SAA and the sub-advisors limited discretionary authority with respect to the purchase and sale of securities in mutual fund portfolios, separate account portfolios and unified managed account portfolios and also grant us discretionary authority with respect to the initial Managed Opportunities master account and advisor directed portfolios.

We do not refer you to SAA unless SAA and the sub-advisors are registered or are exempt from registration as investment advisors in your state of residence. You grant SAA the discretionary authority to select one or more sub-advisors to provide administrative, web site, performance reporting, transaction order entry and other services to SAA and clients. SAA currently has a relationship with Oberon to provide these services. Clients establishing Managed Opportunities accounts receive Oberon's Disclosure Brochure in addition to SAA's Disclosure Brochure.

We are always responsible for assisting you with identifying your risk tolerance and investment objectives and are available to meet with you on a continuous basis. We recommend managers and help determine appropriate investment strategies in relation to your stated investment objectives and risk tolerance. Although the third-party investment managers are responsible for making all investment decisions, we are available to answer questions you may have regarding your account and act as the communication conduit between you and the investment manager.

Although we review the performance of numerous third-party investment managers, we are only able to select the investment managers approved by SAA and thus available on the Managed Opportunities platform. Therefore, we have a conflict of interest because we do not recommend third-party investment managers to you if the investment manager is not available through Managed Opportunities.

Management fees do not exceed 1.75% per year. SAA is responsible for collecting all fees paid by you through these programs and then journaling our portion of the advisory fees to us.

You should be aware that we are paid solicitor/referral fees by SAA for recommending mutual fund portfolios, separate account portfolios and unified managed account portfolios. SAA also shares fees with the sub-advisors. The amount of compensation we receive for recommending one Managed Opportunities portfolio over another portfolio may vary. Therefore, a potential conflict of interest may exist because these circumstances may result in us having a financial incentive to recommend one portfolio over another. However, portfolios are selected and recommended based on each individual client's needs, goals and objectives.

Trading by Managed Opportunities money managers may trigger wash sale rule implications. SAA does not manage accounts in the Managed Opportunities in a way to avoid wash sale implications. You are encouraged to consult with a tax advisor to discuss any tax implications involving your portfolios in Managed Opportunities.

A complete description of Managed Opportunities and related fees, charges, when due, and termination procedures are described in SAA's Managed Opportunities Disclosure Brochure Appendices (Wrap Fee Program Brochure) which you receive at or prior to the time a Managed Opportunities account is established.

You are advised that there may be other third-party managed programs, not recommended by us, that are suitable for you and that may be more or less costly than arrangements recommended by us. No guarantees can be made that your financial goals or objectives will be achieved by a third-party investment advisor recommended by us. Further, no guarantees of performance can ever be offered by us.

### **Additional Compensation**

You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any recommendations made by our representatives. If you do decide to implement recommendations, you are responsible for taking any actions or implementing any transactions required. You are free to select any broker/dealer and/or insurance agent to implement our recommendations.

Our representatives are also registered representatives of Securities America, Inc., a registered broker/dealer and member of FINRA/SIPC. In this separate capacity, they can receive a commission for selling securities products. As a registered representative, they may sell mutual funds and receive 12(b)-1 fees in addition to commissions. The 12(b)-1 fees, named after a section of the *Investment Company Act of 1940*, are annual marketing or distribution fees and considered an operational or administrative expense. The fees are included as a part of the mutual fund's total expense ratio and paid from fund assets. Therefore, the fees come indirectly from your account. Every mutual fund prospectus includes a description of the fund's fees and expenses. Our representatives will only recommend mutual funds to clients if those funds are suitable for you and appropriate to help fulfill your objectives.

In addition, our representatives are also independently licensed as insurance agents and sell insurance products to any client. The representatives can earn commissions when selling insurance products in this separate capacity. Any commissions earned could be in addition to advisory fees earned in their capacity as an investment advisor representative.

Please see **Item 10, Other Financial Activities and Affiliations**, and **Item 12, Brokerage Practices**, for additional discussion on these conflicts of interest.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. Both we and our representatives endeavor at all times to put your interests first as a part of our fiduciary duty.

### **Comparable Services**

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.



The amount of compensation we may receive in a particular program may be more than would be received if you participated in other SAA programs or paid separately for investment advice, brokerage and other services. You may wish to consider the following factors when determining the reasonableness of advisory fees charged:

- The fee charged for developing an asset allocation study and/or developing an investment strategy
- Transaction and custody costs or other miscellaneous fees and taxes and/or charges, as well as commissions or mark ups and mark downs, on the purchase and/or sale of securities
- The cost of producing a quarterly performance report covering managed assets
- The value of the consulting service provided by Advisor in designing and monitoring your managed assets
- The cost of investment advice provided by SAA and Advisor
- The cost of the additional administrative, marketing, asset management, and other support services that may be provided by SAA and (when applicable) any sub-advisors used in managing a program account

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not receive performance-based fees.

#### **Item 7 – Types of Clients**

We generally provide investment advice to Individuals (including high-net worth individuals) and trusts, estates or charitable organizations.

##### **Minimum Investment Amounts Required**

We require a minimum of \$50,000 to establish a SELECTOR, BASIC or ETF Program account, although exceptions may be granted if the total amount invested is expected to rise above \$50,000 within 90 days. In addition, household members are allowed to aggregate or bundle household accounts to meet the account minimum.

We require a minimum of \$50,000 to establish and maintain a LifeGuide account, although exceptions may be granted if the total amount invested is expected to rise above \$50,000 within 90 days.

As a general rule, SAA requires a minimum of \$50,000 to establish and maintain Managed Opportunities mutual fund portfolios, \$100,000 for separate account portfolios, \$250,000 for unified managed account portfolios and \$50,000 for advisor directed portfolios. All minimums are negotiable at the discretion of us and SAA.

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

### **Methods of Analysis**

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

#### ***Fundamental***

Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, “brand” names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

#### ***Technical***

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

#### ***Charting***

Charting is a technical analysis that charts the patterns of stocks, bonds and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

#### ***Cyclical***

Cyclical analysis looks at recurring periods of expansion and contraction that can impact a company's profitability and cash flow. Cyclical stocks tend to rise quickly when the economy turns up and fall quickly when the economy turns down (i.e., housing, automobiles, telecommunications, paper, etc.). Non-cyclical

industries (i.e., food, insurance, drugs, health care, etc.) are not as directly impacted by economic changes.

### **Investment Strategies**

We use the following investment strategies when implementing 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 30 days)

We gather information from financial newspapers and magazines, research materials prepared by others and corporate rating services. Our representatives may also use a variety of research sites and materials available through the Internet, including investment company web sites.

### **Risk of Loss**

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- Market Risk. Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- Equity (Stock) Market Risk. Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- Company Risk. There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- Options Risk. Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- Fixed Income Risk. Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- ETF and Mutual Fund Risk. ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- Management Risk. Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

### **Primary Recommend One Type of Security**

We do not recommend any specific security to clients. Instead, we recommend any product that may be suitable for each client relative to their specific circumstances and needs.

### **Item 9 – Disciplinary Information**

There are no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our Disclosure Brochure.

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

We do not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- An investment advisor or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- Accountant or accounting firm
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships

We are an independent registered investment advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment advisor representatives with us.

## **Securities Sales**

Our representatives are also registered representatives of Securities America, Inc. You can engage them in this separate capacity to render securities brokerage services under a commission arrangement. Our representatives may have a financial incentive to recommend that a financial plan be implemented using a certain product or service. This could present a conflict of interest because they could receive commissions in their capacity as a registered representative and could also receive advisory fees in their capacity as an investment advisor representative.

You are under no obligation to use the services of our representatives in this separate capacity or to use Securities America, Inc. and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use Securities America, Inc. Prior to effecting any transactions, you are required to enter into a new account agreement with Securities America, Inc. The commissions charged by Securities America, Inc. may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12(b)-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

## **Insurance Sales**

Some of our representatives are also independently licensed to sell insurance products through various insurance companies. When acting in this capacity, they may receive fees or commissions for selling these products. You are under no obligation to direct insurance transactions to insurance companies with which our representatives may be licensed. Suitable insurance and investment products may be available from other companies.

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each client. We and our representatives have a fiduciary duty to all clients. We have established a Code of Ethics which all representatives and associated persons must read and then execute an acknowledgment agreeing that they understand and agree to comply with the Code of Ethics. Our fiduciary duty to clients is considered the core underlying principle for our Code of Ethics and represents the expected basis for all dealings with clients. We have the responsibility to make sure that the interests of clients are placed ahead of our own or associated persons' own investment interests. All associated persons will conduct business in an honest, ethical and fair manner. All associated persons will comply with all federal and state securities laws at all times. We provide full disclosure of all material facts and potential conflicts of interest to the client prior to services being conducted. All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect their duty of complete loyalty to clients. This section is only intended to provide current clients and potential clients with a description of

our Code of Ethics. If current clients or potential clients wish to review our Code of Ethics in its entirety, a copy may be requested from any of our representatives and it will be promptly provided.

### **Participation in Client Transactions and Personal Trading**

We and our representatives may buy or sell securities or have an interest or position in a security for it or our personal account(s) that are also recommended to clients. We are and will continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations may represent a potential conflict of interest, it is our policy that no representatives will prefer their own interests to that of the advisory client. No person employed by us may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account. Representatives will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of their employment unless the information is also available to the investing public upon reasonable inquiry.

## **Item 12 – Brokerage Practices**

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

You are under no obligation to act on our recommendations. You may select a broker/dealer or account custodian other than Securities America, Inc. or Custodian, discussed below. However, if you do, we cannot assist you with implementing advisory recommendations.

### **Securities America, Inc.**

If you elect to have our representatives implement the advice in their capacity as registered representatives or through one of the Securities America Advisors, Inc. (“SAA”) programs detailed in **Item 5, Fees and Compensation**, then our representatives’ broker/dealer, Securities America, Inc. (“SAI”) will be used.

Not all investment advisors require the use of a particular broker/dealer. Some investment advisors allow their clients to pick which broker/dealer the client uses. However, in order to provide efficient services and based on the arrangement with SAI, we require the use of SAI when opening an account through our programs. We are limited in the broker/dealer or custodians we are allowed to use due to our relationship with SAI. SAI may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

Because our representatives are registered representatives of SAI, they are required to use the services of SAI and SAI’s approved clearing broker/dealers when acting in their capacity as registered representatives. SAI serves as the introducing broker/dealer. All accounts established through SAI are cleared and held through National Financial Services, LLC. SAI has a wide range of approved securities

products for which it performs due diligence prior to selection. SAI's registered representatives are required to adhere to these products when implementing securities transactions through SAI. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. Because our representatives are also registered representatives of SAI, SAI provides compliance and supervision support to our representatives. In addition, SAI provides our representatives, and therefore us, with back-office operational, technology and other administrative support.

Economic benefits are provided to us by SAI that are not provided if you select another broker/dealer or account custodian. These benefits may include:

- Negotiated costs for transaction implementation
- A dedicated trade desk that services SAA/SAI participants exclusively
- A dedicated service group and an account services manager dedicated to our accounts
- Access to a real-time order matching system
- Electronic download of trades, balances and position information
- Access, for a fee, to an electronic interface with the account custodian's software
- Duplicate and batched client statements, confirmations and year-end reports

Please also see **Item 5, Fees and Compensation**, for additional information about advisory services and implementing recommendations.

### **Custodian**

If you elect to utilize our management services using the SELECTOR, BASIC or ETF Programs, you are required to establish brokerage accounts at Custodian. Custodian provides us with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Custodian include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Custodian also makes available to us other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts. Custodian also makes available other services intended to help us manage and further develop our business. These services may include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession

- Regulatory compliance
- Marketing

In addition, Custodian may make available, arrange and/or pay for these types of services rendered to us by an independent third party providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our recommendation that you maintain your assets in accounts at Custodian may be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Custodian. This may create a potential conflict of interest.

### **Best Execution**

While we do not allow directed brokerage, we must still use reasonable diligence to make certain that best execution is obtained for clients when implementing any transactions. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions surrounding the transaction execution is in the best interests of clients. When considering best execution, our associated persons look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with existing systems of the advisor, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered. We perform annual reviews to determine that our relationships with SAI, NFS, and TD Ameritrade Institutional are still in the best interests of clients.

### **Soft Dollar**

Investment advisors may direct portfolio brokerage commissions to a particular broker/dealer in return for services and research used in making investment decisions in client accounts. The commissions used to acquire these services and research are known as “soft dollars.” Section 28(e) of the *Securities Exchange Act of 1934* provides a “safe harbor” that allows an investment advisor to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

Although we don’t allow directed brokerage, we may still receive products and services from SAI, SAA or other program sponsors and product issuers. These products and services may be used for both research and non-research purposes and allows us to supplement, at no cost, our own research and analysis activities. These products and services can include, but are not limited to:

- Reports, publications and data on matters such as the economy, industries, sectors and individual companies or issuers, statistical information, account and law interpretations, political



analyses, legal developments affecting portfolio securities, technical market actions, credit analyses, risk management and analyses of corporate responsibility issues

- On-line news services and financial and market database services
- Information management systems integrating quotation and trading, performance management, accounting, recordkeeping and document retrieval and other administrative matters
- Meetings, seminars, workshops and conferences with representatives of issuers, program sponsors and/or other analysts and specialists

Research obtained with soft dollars is not necessarily utilized for the specific account that generated the soft dollars. We do not attempt to allocate the relative costs or benefits of research among clients because we believe that, in the aggregate, the research we receive benefits all clients and assists us in fulfilling our overall duty to clients.

These arrangements may be deemed to create a conflict of interest to the extent that we would have to pay for some or all of the research and/or services with “hard dollars” if we were unable to obtain the research and services in exchange for commissions in connection with client transactions. Client trades are always implemented based on the goals and objectives of the client and not on any research, products or other incentives available.

### **Handling of Trade Errors**

If you elect to implement transactions through our representatives, they do so in their separate capacity as registered representatives of SAI. SAI has execution and clearing arrangements with Fidelity Capital Markets (“FCM”), a division of NFS. TD Ameritrade’s platform offers their own execution and clearing arrangements.

We have implemented procedures designed to prevent trade errors when implementing transactions. However, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. FCM is contacted immediately about any trade error except those in mutual funds. SAI’s Trade Department is contacted to report and correct any error in mutual fund trades. TD Ameritrade’s Trade Department is contacted immediately to correct any trade error occurring in any TD Ameritrade account. Trading errors are usually corrected after the trade settles and may take 5-7 days to finalize.

If we, our representatives, SAI, FCM or TD are responsible for making a trade error in a client account, the error is corrected and the client account is restored to where it would have been had the trade error not occurred. Any profit from the trade correction is retained by SAI, FCM or TD. Neither we, our representatives, nor the client retain profits from a trade correction.

### **Block Trades**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and may be used when we believe such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders

are placed independently. Under this procedure, transactions are averaged as to price and are allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation or remuneration as a result of blocking trades.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Financial planning services terminate upon presentation of the financial plan and no reviews are conducted. However, we recommend that you have your financial situation reviewed and updated at least annually. If you elect to have this review and update, a new client agreement is required and additional fees are charged.

Managed accounts are reviewed at least quarterly, but are usually reviewed weekly.

The calendar is the main triggering factor, although reviews can also be done because of your specific request, changes in your financial situation, changes in model signals or market conditions and changes in management philosophy. Reviews include performance evaluation, allocation timing and account balance, model composition, summary and in-depth examination of account statements and continuing client objectives.

SAA reviews the performance information in Managed Opportunities accounts to determine its accuracy. Performance information provided by SAA is believed to be accurate but cannot be guaranteed. Fund and other securities values and other information are obtained from third parties. Managed Opportunities accounts are reviewed as needed by SAA supervisors, SAI principals and our representatives. Triggering factors for reviews may include material market, economic or political events or changes in your personal or financial situations or performance of the accounts in general. We urge you to compare performance reports you receive from us with account statements you receive directly from the custodian. Inquiries or concerns regarding your account including performance reports should be directed to us.

### **Account Reports**

If you contract for financial planning services, you do not receive any report other than the written plan originally contracted for.

You receive a statement at least quarterly from the broker/dealer, investment advisor or money manager where your account is maintained.

If you participate in FAP and/or LifeGuide, you may receive monthly, quarterly or on-demand reports showing the investment performance of your accounts from SAA or us. If you participate in Managed Opportunities, you are able to view daily and quarterly performance reports on a web site prepared on behalf of SAA by Oberon that describes the performance, holdings and other activity in your Managed Opportunities accounts. During any month in which there is activity in Managed Opportunities accounts, you receive monthly statements from the account custodian or clearing firm showing the activity in your

accounts as well as positions held in the accounts at month end. You also receive a confirmation of each purchase and sale transaction that occurs within Managed Opportunities accounts, unless you provide SAA with written authorization to suppress confirm delivery. If there is no activity in the account, you receive statements no less than quarterly from the account custodian or clearing firm. We urge you to compare performance reports you receive from us with account statements you receive directly from the custodian. If you have inquiries or concerns regarding your account, including performance reports, you should contact us.

## **Item 14 – Client Referrals and Other Compensation**

### **Client Referrals**

We do not directly or indirectly compensate anyone for referring clients to us.

### **Other Compensation**

Please see **Item 5, Fees and Compensation**, **Item 10, Other Financial Industry Activities and Affiliations**, and **Item 12, Brokerage Practices**, for additional discussion about solicitor/referral fees from third party managers, other compensation and non-economic benefits.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Our procedures do **not** result in our maintaining custody of client funds and securities.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

### **Item 16 – Investment Discretion**

In addition to having trading authority on your accounts, we may implement trades in accounts on a discretionary basis. This means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority.

When discretionary authority is granted, it is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian. You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement.

If management services are provided on a non-discretionary basis, we always contact you before implementing any transactions in an account. You must accept or reject our investment recommendations, including (1) the security being recommended, (2) the number of shares or units and (3) whether to buy or sell. Once these factors are agreed upon, we are responsible for making decisions regarding the timing of the purchase or sale and the price at which it is bought or sold. You should know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of implementing trades and we may not achieve the optimal trading price.

### **Item 17 – Voting Client Securities**

We do not vote proxies on your behalf. You should read the information provided with the proxy document and make a determination based on the information provided. Upon your request, we may provide clarifications of issues presented in the proxy materials or provide an opinion on how you should vote on an issue. However, you are solely responsible for all proxy voting decisions.

### **Item 18 – Financial Information**

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

## **Business Continuity and Contingency Plan**

We have a business continuity and contingency plan in place designed to respond to significant business disruptions. These disruptions can be both internal and external. Internal disruptions will impact our ability of the firm to communicate and do business, such as a fire in the office building. External disruptions will prevent the operation of the securities markets or a number of firms, such as earthquakes, wildfires, hurricanes, terrorist attack or other wide-scale, regional disruptions. Our response to an external business disruption relies more heavily on other organizations and systems, especially on the capabilities of our registered representatives' broker/dealer and clearing firm.

Our continuity and contingency plan has been developed to safeguard employees' lives and firm property, to allow a method of making financial and operational assessments, to quickly recover and resume business operations, to protect books and records, and to allow clients to continue transacting business. The plan includes:

- Alternate locations to conduct business
- Hard and electronic back-ups of records
- Alternative means of communications with employees, clients, critical business constituents and regulators
- Review of the contingency plans for the registered representatives' broker/dealer and clearing firm and also sponsors of investment programs utilized by the advisor for client investments
- Details on the advisor employee succession plan

Our business continuity and contingency plan is reviewed and updated on a regular basis to ensure that the policies in place are sufficient and operational.

## **Privacy Notice**

We are committed to safeguarding the confidential information of our clients. We hold all personal information provided to us in the strictest confidence. Our representatives are also registered representatives of Securities America, Inc. ("SAI"), a registered broker/dealer that is not affiliated with us. We may also have relationships with other non-affiliated investment advisors, such as Securities America Advisors, Inc. ("SAA"), an affiliate of SAI, insurance companies, trust companies, custodians and other financial institution entities. Except as required or permitted by law, we do not share confidential information about clients with non-affiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of confidential information, we provide written notice to the client, and the client is given an opportunity to direct us whether such disclosure is permissible.

### **AN IMPORTANT NOTICE CONCERNING CLIENT PRIVACY**

**Client Information Collected.** We collect and develop personal information about you and some of that information is non-public personal information (Client Information). The essential purpose for collecting Client Information is to provide and service the financial products and services you obtain from us. The categories of Client Information collected by us depend upon the scope of the engagement with us and

are generally described below. As an investment advisor, we collect and develop Client Information about you in order to provide investment advisory services. Client Information collected includes:

- Information we receive from you on financial inventories through consultation with our representatives. This Client Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning the client's financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about your financial products and services transactions with us.

**Data Security.** We restrict access to Client Information to those representatives and employees who need the information to perform their job responsibilities with us. We maintain agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Client Information.

**Use and Disclosure of Client Information to Provide Client Services.** To administer, manage and service client accounts, process transactions and provide related services for client accounts, it is necessary for us to provide access to Client Information within our firm and to non-affiliated companies such as SAI, SAA, other investment advisors, other broker/dealers, trust companies, custodians and insurance companies. We may also provide Client Information outside of the firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

**Medical and Health Information.** We may receive medical or health information on an application for insurance. We do not share that medical or health information with unrelated companies, except as necessary to process transactions on behalf of our clients.

**Former Clients.** If you close an account with us, we continue to operate in accordance with the principles stated in the Notice.

**Requirements of Federal Law.** In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* ("GLBA"). The GLBA requires certain financial institutions, including broker/dealers and investment advisors, to protect the privacy of Client Information. To the extent a financial institution discloses Client Information to non-affiliated third parties, other than as permitted or required by law, clients must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that we do not disclose Client Information to non-affiliated parties except as permitted or required by law (e.g., disclosures to service client accounts or to respond to subpoenas).