

ADE, LLC
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ARMSTRONG DIXON
d/b/a
CELESTIAL WEALTH MANAGEMENT

ADV Part 2A, Firm Brochure
Dated 9/1/2015

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This brochure provides information about the qualifications and business practices of ADE, LLC. If you have any questions about the contents of this brochure, please contact us at (443)563-1111. 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 ADE, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to ADE, 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

As of March 18, 2015, ADAG, LLC changed its legal name to ADE, LLC as a result of Colin Exelby, a new member and investment adviser representative, joining the firm. Shieva Rajae, an existing employee of the firm and Investment Adviser Representative is now a member of ADE, LLC. In addition, ADE, LLC became eligible to use a new Trade Name – “Celestial Wealth Management” on March 23, 2015. ADE, LLC has also added a wrap fee program to its offerings as a result of Colin Exelby joining the firm. This is more fully described in Item 4 below and on the new Wrap Fee Program Brochure. Aside from these changes, there have been no material changes made to ADE, LLC’s disclosure statement since its last Annual Amendment filing on March 1, 2014.

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Item 4 Advisory Business

Our main focus is to manage investment portfolios for individual clients, high net worth families, charitable foundations, and small business owners. We also provide financial planning and consulting services, retirement consulting, non-investment consulting and comprehensive reporting. Our investment management services consider the clients risk tolerance, financial goals, and objectives.

- A. ADE, LLC (the “Registrant”) is a limited liability company formed in June 2013 in the State of Maryland. ADE, LLC is the Registrant’s legal name, which previously was ADAG, LLC. The Registrant became registered as an Investment Adviser Firm in July 2013. The Registrant also conducts business under the trade name Armstrong Dixon and Celestial Wealth Management. The Registrant is owned by Gregory Armstrong, Roy G. Dixon, Colin Exelby, and Shieva Rajae. Messrs. Armstrong, Dixon, Exelby and Misses Rajae are the Registrant’s co-managing members. ADE, LLC is not affiliated with LPL, a registered broker dealer with FINRA.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations, etc.) investment advisory services on a fee basis, and, to the extent specifically requested by a client, on a separate stand-alone basis, financial planning and related consulting services.

INVESTMENT MANAGEMENT SERVICES

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 is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management, generally between 0.5% and 2%.

In advance of providing any recommendations or advice we require all clients review, understand and sign our Investment Advisory Agreement (“IAA”). This agreement goes over the terms and conditions in which a client’s assets will be managed. The IAA will include schedules of the investment accounts you wish us to manage, the specific fees, which account to bill those fees to, how to collect those fees, any positions within the accounts that are not managed or billed on, and positions that the advisor does not have discretion on (for discretionary IAA’s only). The IAA also determines if any comprehensive reporting or investment management will be done on outside accounts, the fee and account that fee shall be debited.

Similar programs or services as described above may be available from other investment advisors for an annual fee lesser or greater than set forth herein. The programs described may cost the client more or less than purchasing the different services separately.

The IAA will remain effective until cancelled in writing by either party. In the event of a conflict between the ADV and the IAA the ADV shall prevail.

Advisory accounts will be held with LPL Financial (“Custodian”).

Types of Investments (included but not limited to):

- Exchange Listed Securities
- Exchange Traded Funds
- Warrants
- Corporate Debt Securities
- Certificates of Deposit
- Municipal Securities
- Variable Annuities
- Mutual Fund Shares
- US Government Securities
- Options on Securities and Commodities
- Interest in Partnerships investing in real estate, oil and gas interests
- Hedge Funds
- Private Equity

As a firm we seek a balance between risk and reward, and employ a diverse blend of securities. We implement quantitative, technical and fundamental analysis. We may increase or decrease cash holdings or implement various risk management strategies based on our expectations of the market behavior.

Investment Adviser Representatives (“IARs”) must attain firm or industry registrations or equivalent experience. For information on our IARs, please request a copy of their individual brochures which can also be found on their Form ADV Part 2B on <http://www.sec.gov/investor> and which were previously provided to you at the commencement of our relationship.

ADE, LLC WRAP 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 depends on the amount and type of the Program assets and is generally negotiable. The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Wrap Fee Program Brochure is incorporated into this Brochure by reference. All prospective Program participants should read both the Registrant’s Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program. LPL Financial shall serve as the custodian for Program accounts.

Please Note: As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, 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.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

We offer a variety of financial or wealth planning services based on specific needs. Services include:

Business Succession Planning

Executive Planning

Manage Family Board and/or
Advisory Board

Estate Planning

Retirement Planning

Successor Career Path
Development Planning

Investment Planning

Executive Compensation
Planning

Insurance Policy Analysis

Wealth Vision

In order to provide our clients with a financial plan we gather information determine objectives, make observations and provide recommendations that are designed to assist in achieving stated goals and objectives. Clients are under no obligation to act on our financial planning recommendations.

To the extent specifically requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including business planning, estate planning, insurance planning, etc.) on a stand-alone separate fee basis. 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. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including certain of the Registrant's representatives in their individual capacities as registered representatives of LPL Financial ("LPL") and/or in their capacities as licensed insurance agents. (*See* disclosure below at Items 10.C below). The client is under no obligation to engage the services of any such recommended professionals. 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, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

RETIREMENT PLAN CONSULTING

The Registrant also provides non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which

plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant shall also provide generalized participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between the Registrant and the plan sponsor.

MISCELLANEOUS

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 or accountant 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.), including certain of the Registrant's representatives in their individual capacities registered and/or licensed capacities as discussed below. 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. The client will specifically agree to this in the investment advisory agreement. Federal and state securities laws impose liabilities under certain circumstances on person who act in good faith and, therefore, the client is not waiving any rights that s/he may have under federal and state securities laws. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/ evaluating/ revising Registrant's previous recommendations and/or services.

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

Private Investment Funds. The Registrant may provide investment advice regarding unaffiliated private investment funds. The Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Registrant calculating its investment advisory fee. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity

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

Please Also Note: Valuation. In the event that the Registrant references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

Variable Annuities: The Registrant also may render investment management services to clients relative to variable life/annuity products that they may own. In so doing, the Registrant either directs or recommends the allocation of client assets among the various investment subdivisions that comprise the variable life/annuity product or the various mutual funds (and/or other investment options) available on the platform. The Registrant's recommendations/decisions are limited to the investment options available under the variable life/annuity product or retirement plan platform. The client assets shall be maintained at the specific insurance company that issued the variable life/annuity product which is owned by the client.

Independent Managers. The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* 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 *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

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. The Registrant will take reasonable steps to verify information provided by third parties if it has reason to believe that such information is inaccurate. 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.

COMPREHENSIVE REPORTING. ADE, LLC, in conjunction with the services provided by Morningstar OfficeSM and Portfolio Manager may also provide periodic comprehensive reporting services which can incorporate all of the client's investment

assets, including those investment assets that are not part of the assets managed by ADE, LLC (the “Excluded Assets”). **The client and/or his/her/its other advisors that maintain trading authority, and not ADE, LLC, shall be exclusively responsible for the investment performance of the Excluded Assets.** ADE, LLC’s service relative to the Excluded Assets is limited to reporting and non-discretionary consulting services only, which does not include investment implementation. ADE, LLC does not have trading authority for the Excluded Assets. As such, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not ADE, LLC, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. ADE, LLC shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that ADE, LLC provide either discretionary or non-discretionary investment management services (whereby ADE, LLC would have trading authority) with respect to the Excluded Assets, the client may engage ADE, LLC to do so pursuant to the terms and conditions of the Investment Advisory Agreement between ADE, LLC and the client. For a complete description of the fees involved with this service, please see Item 5 below.

Disclosure Statement. A copy of the Registrant’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*, *Financial Planning and Consulting Agreement* or *Retirement Consulting Agreement*.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client’s investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant’s services.

Registrant does participate in a wrap fee program for its investment management clients. There is no significant 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.B). 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). Legacy clients of Colin Exelby generally remain in the Wrap Fee Program. The Registrant does not generally review the costs and impacts associated with placing a client in either a Wrap Fee or Non-Wrap Fee account, and such decision is generally left to each individual client and the IAR. **Please Note:** Each individual advisor will receive a payment for his or her services after the custodian debits transaction fees and overrides or other miscellaneous expenses from earned fees. The advisor of record does not take into account the fees and expenses when providing investment advice.

- D. As of July 1, 2015, the Registrant had \$86,138,464.24 in assets under management on a discretionary basis and \$15,430,903.55 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary investment advisory services on a wrap or non-wrap *fee* basis.

NON-WRAP FEE BASIS

If the client determines 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 on the market value and type of assets placed under the Registrant's management and may range from .50% to 2%. The Registrant's management/advisement and shall be based upon various **objective and subjective factors**. These factors include, but are not limited to, the amount of the assets placed under the Registrant's management, the level and scope of the overall investment advisory services to be rendered and the complexity of the engagement.

Note: Fee Differentials. The Registrant shall price its services based upon various objective and subjective factors. As a result, the 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 financial planning and/or consulting services to be rendered. The services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Billing Cycle- ADE, LLC WRAP PROGRAM FEES

If a client determines to engage the Registrant to provide investment management services on a wrap fee basis in accordance with the Registrant's 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 is generally based on the amount of assets placed in the Program and varies up to 2.0%, depending on various **objective and subjective factors**. These factors include, but are not limited to, the amount of the assets placed under the Registrant's management, the level and scope of the overall investment advisory services to be rendered and the complexity of the engagement.

NON-WRAP WRAP AND WRAP FEE PROGRAM BILLING TIMING

Advisory fees will be prorated, and paid quarterly in advance, based upon the value of the accounts receiving comprehensive management and reporting as of the last day of the previous quarter. Because billing occurs in advance, any deposit or withdrawal made during the quarter will be prorated and either deducted or added to the fee in the following billing period, as applicable.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, business planning, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are

negotiable, but generally range from \$2,000 to \$30,000 on a fixed fee basis, and from \$100 to \$350 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). The Registrant generally bills its hourly financial planning clients as the fee is incurred. The Registrant generally bills its fixed-fee financial planning clients in two equal payments. The first payment is generally due at the onset of the relationship and the remaining portion shall be owed upon delivery of the final plan. The Registrant does not solicit or require the prepayment of fees in advance. However, at the client's election, the client may prepay fees in advance and may receive a discount of 10%. If the Client has prepaid any portion of the Registrant's fee, the balance, if any, of any unused portion of the Registrant's fee shall be refunded to the Client in the event the relationship is terminated.

RETIREMENT CONSULTING

The Registrant also provides non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. The Registrant charges an annual, negotiable fee for Retirement Consulting Services which ranges from 0.50% to 2.00% of plan assets depending on the services requested and the size of the plan. The annual fee shall be paid quarterly, in advance, based upon the market value of the Plan's assets on the last day of the preceding quarter. If the Client has prepaid any portion of the Registrant's fee, the balance, if any, of any unused portion of the Registrant's fee shall be refunded to the Client in the event the relationship is terminated.

COMPREHENSIVE REPORTING

ADE, LLC may provide an optional aggregation and/or performance reporting service for an annual fee of 0.10%. The fee will be prorated, and paid quarterly in advance, based upon the value of the accounts receiving comprehensive reporting as of the last day of the previous quarter. Because billing occurs in advance, any deposit or withdrawal made during the quarter will be prorated and either deducted or added to the fee in the following billing period, as applicable. The Registrant, in its sole discretion, may elect to waive or reduce the fees associated with comprehensive reporting.

- B. Clients may elect to have the Registrant's advisory fees deducted from a non-qualified custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based market value of the assets under management on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that LPL Financial ("*LPL*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *LPL* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-

load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). The Registrant and each IAR uses discretion in non-wrap fee accounts to decide which mutual fund share class to purchase based on several factors that include, but are not limited to: anticipated holding period of the fund, dollar amount invested and external expenses. For a more complete discussion on brokerage fees and compensation, see Item 12 below.

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based market value of the assets under management on the last business day of the previous quarter. The Registrant, in its sole discretion, may charge a lesser 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.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Registrant's representatives, in their individual capacities, as registered representatives of LPL Financial ("LPL"), a FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through LPL, LPL will charge brokerage commissions to effect securities transactions, a portion of which commissions LPL shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by LPL may be higher or lower than those charged by other broker-dealers. In addition, LPL, as well as Registrant's Representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from LPL presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer, Roy G. Dixon, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please Note:** Although the Registrant and its IARs will not recommend that clients do so, clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of securities commissions for the sale of securities products

the Registrant recommends to its clients.

4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). **However**, a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

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

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

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, other business entities, profit sharing plans, 401k sponsor plans, individual retirement plans (IRA, SEP, ROTH IRA). The Registrant, in its sole discretion, may charge a lesser 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 8 Methods of Analysis, Investment Strategies and Risk of Loss

A. The Registrant may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
 - i. Consists of analyzing the factors that affect the amount and value of the expected future cash flows of a security. We use the following analysis techniques:
 - ii. Macroeconomic analysis: Evaluates current economic environment and its effect on industry and company fundamentals
 - iii. Industry analysis: evaluates the outlook for particular industries
 - iv. Company analysis: evaluates a company's strengths and weaknesses with its industry
 - v. This analysis may include a number of fundamental metrics included but not limited to liquidity, debt level, valuation and profitability compared to industry peers and global financial markets.
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

- i. Concentrates on the supply and demand metrics of past price and volume behavior in a specific security or group of securities.
- ii. This analysis attempts to discover potential outcomes based on evolving investor sentiment. A major difference between fundamental and technical analysis is that technical analysis looks at volume and price trends without any knowledge of the individual security with which the data is associated. We use but are not limited to the following analysis techniques:
 - iii. Arithmetic and exponential moving averages
 - iv. Support and resistance levels
 - v. Relative Strength
 - vi. Moving Average Convergence Divergence
 - vii. VWAP – volume weighted average price
 - viii. Elliott Wave Theory
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)
 - i. Consists of analyzing longer term environmental and economic trends.
 - ii. Historical relationships between assets, interest rates and inflation can provide valuable insight into potential catalysts and the likelihood of asset price movements over a period of time.

All of these types of analysis in isolation have flaws. However, by including all 3 types of analysis, the strengths outweigh the weaknesses. For example, fundamental analysis may lead us to think a given security is of good value, fair value or is overvalued. Technical Analysis would give us a better idea of current prices represent a good entry/exit point and cyclical analysis could inform us of how early or late we may be in a given cycle move. By using all three types of analysis we aim to provide a more robust research system.

In addition to this analysis for specific securities, we periodically review, analyze and implement mutual funds, ETF's and separately managed accounts. Different funds and managers are screened against their peers and judged based on peak to peak and trough to trough cycle investing. That way, each manager is judged in an up and down market cycle. During the period analyzed we then look at the following metrics with include but are not limited to Rate of Return, Sharpe Ratio, Sortino Ratio, Beta, Alpha, Correlation, capture ratio, expenses and manager tenure. Once that screen narrows the potential investment managers, qualitative analysis via conversations with the fund management team are used to decipher the most appropriate manager to execute a client's given goal.

The Registrant may 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)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

Please Note: Investment Risk. 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). Investing in securities involves risk of loss that clients should be prepared to bear.

B. The Registrant's method of analysis does 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 and Short Term Purchases - 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.

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend options transactions. The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

C. Currently, the Registrant primarily allocates client investment assets among various investment included but not limited to exchange traded funds and mutual funds, individual equities (stocks), debt instruments (bonds) and alternative investments on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

Neither the Registrant nor any of its supervised persons have been the subject of a disciplinary action.

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representative of LPL.** As disclosed above in Item 5.E, certain of Registrant's representatives are also registered representatives of *LPL*, a FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Registered Representatives.** As disclosed above in Item 5.E, certain of Registrant's representatives are registered representatives of *LPL*, a FINRA member broker-dealer. Clients can choose to engage Registrant's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis. **Conflict of Interest:** The recommendation by Registrant's representatives, that a client purchase a securities commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase securities products recommended by Registrant through other, non-affiliated registered representatives. **The Registrant's Chief Compliance Officer, Roy G. Dixon, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**
- Licensed Insurance Agents.** Certain of the Registrant's representatives are, in their separate individual capacities, licensed insurance agents. As discussed above, clients can choose to engage these representatives, in their individual capacities to affect the purchase of insurance products on a commission basis. The recommendation by the Registrant that a client purchase an insurance commission product through one of its representatives in their individual capacities presents a conflict of interest. No client is under any obligation to engage the services of or representatives in their individual capacities as licensed insurance agents. Furthermore, clients are reminded that they may purchase insurance commission products recommended by Registrant through other, non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, Roy G. Dixon, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**
- D. The Registrant does not recommend or select other investment advisors for its clients for which it receives a fee.

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

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

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

- B. 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.
- C. 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.

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

Item 12 Brokerage Practices

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

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

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *LPL* (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis 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. The Registrant may have an incentive to select or recommend a broker-dealer based on its interest in receiving research or other products or services, rather than on its clients' interest in receiving most favorable execution.

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 *LPL* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *LPL* 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 G. Dixon, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

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

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

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

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 **Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on a periodic basis by the IAR, at least annually. 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. Periodic reviews do not necessarily result in transactions or changes in the client's investment allocation. We may utilize an investment strategy that generally seeks investments that are long term in nature with a buy and hold bias. Due to the nature of these strategies, investments in accounts could incur low turnover.
- B. The Registrant *may* conduct account reviews on other than a periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

Item 14 **Client Referrals and Other Compensation**

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

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

Additional Compensation- Associated persons may, if properly licensed and registered to do so, receive compensation on non-advisory business related to the sale of securities or other investment products such as insurance. Transaction- based compensation such as this is separate and distinct from the other fees each IAR may receive in connection with the Registrant's investment advisory services.

Commissions from the sale of other non-advisory investment products include, but are not limited to, variable annuities, mutual funds, private placements, and other such non-investment related products such as but not limited to life insurance, long term care insurance, disability insurance. Such commissions provide an advisor with an incentive to recommend these investment products based on the compensation they will receive from selling such products. This may be considered a conflict of interest; however, the Registrant does not generally allow IARs to earn commissions on products included within our advisory accounts. Clients are under no obligation to purchase recommended products from an IAR in his or her individual capacity as a licensed insurance agent or registered representative.

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

- B. Neither the Registrant nor any of its representatives compensates any person other than its supervised persons for client referrals.

Item 15 Custody

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

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

Please Also Note: The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. 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.
- C. The Registrant has not been the subject of a bankruptcy petition.