

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

**ADV Part 2A, Appendix 1**  
**Wrap Fee Brochure**  
**Dated 9/1/2015**

**Contacts: Roy G. Dixon, Chief Compliance Officer**  
**1500 Sulgrave Ave**  
**Baltimore MD 21209**  
**T: (443)563-1111**  
**F: (443)563-1119**

**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](http://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 Brochure describes in detail the firm’s new Wrap Fee Program. 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            Services, Fees and Compensation**

### **A.   INVESTMENT ADVISORY SERVICES**

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

#### **ADE, LLC WRAP PROGRAM**

The Registrant is the sponsor and investment manager of the ADE, LLC Wrap Program (hereinafter the "Program"). Under the Program, the Registrant is able to offer participants either non-discretionary or discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 2.00% depending upon the amount and type of the Program assets.

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

LPL Financial ("*LPL*") shall serve as the custodian for Program accounts.

**Fee Calculation:** The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client, pursuant to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (hereinafter the "Act").

**Fee Payment:** Clients will be charged in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Fees are prorated for accounts opened during the 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.

**Termination of Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement.

#### **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 Office<sup>SM</sup> 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*.

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

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

- C. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to transaction charges (excluding mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than *LPL*, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depositary Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.
- D. Registrant's related persons who recommend the Program to clients generally do not receive compensation as a result of a client's participation in the Program. However, with regards to Mr. Exelby, his ownership distributions and salary may be more than he would receive if the client participated in the Registrant's other programs or paid separately for investment advice, brokerage, and other services. Mr. Exelby, therefore, may have a financial incentive to recommend the wrap fee program over other programs or services.

## **Item 5            Account Requirements and 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 6 Portfolio Manager Selection and Evaluation

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

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

- C. As discussed below, the Registrant offers to its clients discretionary investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

### **ADVISORY BUSINESS SERVICES**

As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates, charitable organizations and pension and profit sharing plans etc.) discretionary investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

### **INVESTMENT ADVISORY SERVICES**

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

## **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

## **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.

### 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 Office<sup>SM</sup> 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*.

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 anytime, impose reasonable restrictions, in writing, on the Registrant's services.

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.

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

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

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

The Registrant 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, etfs 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.

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.

- B. 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).

### **Voting Client Securities**

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

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

## **Item 7                      Client Information Provided to Portfolio Managers**

The Registrant shall be the Program's portfolio manager. The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Registrant shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on the Registrant's services.

As indicated above, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation

or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

To the extent the Program utilizes *Independent Manager[s]*, the Registrant shall provide the *Independent Manager[s]* with each client's particular investment objective(s). Any changes in the client's financial situation or investment objectives reported by the client to the Registrant shall be communicated to the *Independent Manager[s]* within a reasonable period of time.

## **Item 8            Client Contact with Portfolio Managers**

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

## **Item 9            Additional Information**

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

### **Other Financial Industry Activities and Affiliations**

**Registered Representative of LPL.** Certain of Registrant's representatives are also registered representatives of *LPL*, a FINRA member broker-dealer.

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.

**Broker Dealer.** 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.**

The Registrant does not recommend or select other investment advisors for its clients for which it receives a fee.

## **B. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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

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

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

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

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

The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice



creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above 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.

### **Review of Accounts**

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.

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.

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.

### **Client Referrals and Other Compensation**

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 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.**

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

### **Financial Information**

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

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

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