

## **Item 1: Cover Page**

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# **Alchemy Advisors, LLC**

## **Form ADV Part 2A Firm Brochure**

**September 2015**

This brochure provides information about the qualifications and business practices of Alchemy Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (630) 656-9000 (phone) or [info@alchemyfg.com](mailto:info@alchemyfg.com) (e-mail). 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 Alchemy Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

NOTE: The use in this Brochure of the term "registered investment adviser" does not imply a certain level of skill or training.

1111 W. 22<sup>nd</sup> Street, Suite 280  
Oak Brook, IL 60523  
(630) 656-9000  
<http://alchemy-advisors.com>

## **Item 2: Material Changes**

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### **Annual Update**

In this Item of Alchemy Advisors, LLC's (the "Firm," "we," "us," "our," etc.) Form ADV Part 2A Brochure, the Firm is required to discuss any material changes that have been made since the Firm's initial filing.

### **Material Changes since the Last Update**

Since the initial filing, the Firm has the following material changes to report:

- The Firm has updated its assets under management – see Item 4 for more details.
- The Firm is in the process of moving to SEC registration.

### **Full Brochure Available**

The Firm's Form ADV may be requested at any time, without charge by contacting us at (630) 656-9000 (phone) or [info@alchemyfg.com](mailto:info@alchemyfg.com) (e-mail).

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## Item 4: Advisory Business

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### Firm Description

Alchemy Advisors, LLC (the “Firm,” “we,” “us,” “our,” etc.) is an investment adviser, registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. We provide discretionary investment advisory and financial planning services to our clients. The Firm was founded in 2014. Alchemy Holdings, LLC (the “Elected Manager”) is the sole owner and Elected Manager of the Firm. John J. Bittenbinder and Christopher A. Roberts are equal owners and the sole Members of the Elected Manager. Mr. Bittenbinder is the Chief Compliance Officer of the Firm.

There are several d/b/a’s associated with the Firm, which are TS Financial Group, LLC, Alchemy Financial Group, Capital Street Advisors, Gibbons Financial Group, Inc. and The Associates Group.

### Investment Advisory Services

The Firm provides its investment advisory services on a discretionary basis based on the individual needs of our clients as set forth in the executed Investment Advisory Agreement (the “Agreement”) entered into between the parties. This discretionary authority includes both asset allocation and security selection. In large majority, client assets will be invested in readily marketable stocks, bonds, exchange-traded funds and notes, options, and mutual funds. Client assets will be held by an independent custodian, which will employ controls to protect client assets.

Clients of our discretionary investment advisory services may request that we conduct retirement-plan analyses, education-funding analyses, and/or reviews of “outside assets” (i.e., assets over which we do not have discretion, such as 401k accounts or Executive Savings Plans). Clients may request analyses and reviews up to four (4) times per year (quarterly).

The Firm may, upon client request, provide its investment advisory clients with advice on taxes, insurance, and/or estate matters, but in such matters we require our clients to also consult with their accountants/tax professionals, insurance professionals, estate attorneys, or other relevant experts.

## **Tailoring Your Account to Your Objectives**

Client accounts will be managed on the basis of the guidelines and restrictions set forth in the Agreement. We encourage our clients to provide us with their expectations and to consider their overall financial situations, future financial objectives, risk tolerances, time horizons, and investment objectives. We also discuss with our clients their financial needs in order for them to develop the appropriate guidelines and restrictions on their account and for us to ensure the suitability of each client's investments in order to honor their investment needs. It is our practice to tailor our investment advisory services to the individual needs of our clients.

Clients may impose reasonable restrictions on the types of investments for their account and will maintain ownership of all securities in their account. In order to stay within the parameters of a client's guidelines, we advise them to notify us of any changes in their financial situation that may require a change to their investment objectives.

## **Financial Planning Services**

We provide comprehensive personal financial planning services tailored to the individual needs of the client. This service is available to all clients. Each client who wishes to receive advice on financial planning will enter into a written Financial Planning Agreement ("FP Agreement") with the Firm and provide us with their financial status, investment objectives, risk tolerance and tax status, among other things. This is a one-time engagement that terminates upon delivery of the Financial Plan to the client. The client may choose what, if any, advice they will implement from the Financial Plan.

We do not currently provide ala carte financial planning services.

## **Advisory Services to Retirement Plans and Plan Participants**

Our advisory and consulting services may also be offered to employee benefit plans and to the participants of such plans ("Participants"). The services we provide to these types of clients are designed to assist plan sponsors ("Plan Sponsors") in meeting their management and fiduciary obligations to Participants. A description of some of the services we provide to Plan Sponsors and their Participants are described below. Plan Sponsors must make the ultimate decision to retain us for pension consulting and other advisory services including, but not limited to, services at the Participant level. The Plan Sponsor is free to seek independent advice about the appropriateness of any recommended services for the plan.

For each plan, we would develop an Investment Policy Statement which may include some of the following areas: overview, investor circumstances, tax policy, reviews, diversification and investment constraints, selection/retention criteria for investments, investment monitoring and control procedures and duties and responsibilities.

As mentioned above, we will work with the Plan Sponsor to determine the type of services needed which may include: management of vendor relationships; Request for Proposals (RFPs); assistance on plan design strategies; fiduciary consulting and oversight; investment management; and participant education and communication services. Once the type of services has been determined, we will enter into a Retirement Plan Services Agreement with the Plan Sponsor.

Advisory services provided to retirement plans may be solely provided by our Investment Advisor Representatives, or in combination with third parties.

### **Sponsor and Manager of Wrap Program**

Alchemy Advisors is the sponsor and manager of the Alchemy Advisors Wrap Program (the Program), a wrap fee program. In the event the client participates in the Program, Alchemy Advisors shall provide its investment management services and arrange for brokerage transactions under a single annual advisory fee for both advisory services and execution of transactions. Clients in the Program do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the advisory fee. The advisory fee is negotiable between the client and Alchemy Advisors and is set out in the advisory agreement. The advisory fee is a percentage based on the value of all assets in the account, including cash holdings. The advisory fee may be higher than the fee charged by other investment advisors in the Firm as each DBA office has its own fee schedule for similar services. The advisory fee is paid to Alchemy Advisors and is shared between Alchemy Advisors and its associated persons (Investment Advisor Representatives).

Clients should be aware that when Alchemy Advisors recommends the Program to the client, Alchemy Advisors may receive compensation as a result of the client's participation in the Program. The amount of this compensation may be more or less than what Alchemy Advisors would receive if the client participated in other Broker-Dealer programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, Alchemy Advisors may have a financial incentive to recommend a program account over other programs and services.

The investment products available to be purchased in the program can be purchased by clients outside of a program account, through broker-dealers or other investment firms not affiliated with Alchemy Advisors.

A complete description of the Program's terms and conditions (including fees) are contained in the Program's wrap fee brochure (See Form ADV Part 2A Appendix 1). There are no material differences between the Alchemy Advisors manages wrap accounts and other accounts. The wrap relationship exists primarily because of the preference of some clients to not be subject to separate transaction charges.

### **Assets Under Management**

As of May 18, 2015, Alchemy Advisors manages approximately \$101 million in assets under management; all assets are managed on a discretionary basis.

## **Item 5: Fees and Compensation**

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### **Investment Advisory Services – Fees**

As more specifically set out in the Agreement, our investment advisory fees, including wrap fee program accounts, range from 0.50% to 2.50%. Our fees are negotiable.

We may charge a higher percentage than most investment advisers, but we are in compliance with Section 205 of the Investment Advisers Act of 1940.

We require a minimum asset level of \$100,000 for our investment advisory services. We may, in our sole discretion, accept a lower minimum asset level.

The investment advisory agreement may be terminated by the client within five (5) business days of signing the agreement without incurring any advisory fees if the client has not received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract.

### **Investment Advisory Services – Fee Administration**

Clients will be billed quarterly in advance based upon the market value of the account (including cash) on the last business day of the previous quarter as valued by the Custodian. Fees will be paid by the client in accordance with the client authorization in the Agreement.

Fees may be paid by one of two methods: 1) automatic deduction from the client's account which requires written pre-authorization by the client to the custodian, or 2) personal check payable to the Firm within 30 days of the billing date. We will provide the client with a statement detailing the calculation of our advisory fees regardless of the method of payment.

The Firm will not take custody or possession of client funds or securities at any time except to the extent that the client authorizes the deduction of fees directly from their account. If fees are deducted directly from the client's account, the custodian will indicate the amount of the fees, at least quarterly, in a client statement. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

### **Investment Advisory Services – Custody Fees**

As disclosed below at Item 12: Brokerage Practices, we recommend that our client's use the brokerage services of LPL Financial LLC ("LPL"). Therefore, in addition to our fees, the client will be required to pay underlying fees and charges assessed by LPL, including brokerage and other transaction costs. Any custodian fee is negotiated directly between the client and the custodian. LPL may also receive an administrative fee from certain money-market mutual funds; if this is the case, it should be disclosed in LPL's agreement with the client. The client bears responsibility for verifying the accuracy of LPL fees and charges. Please refer to Item 12: Brokerage Practices.

### **Investment Advisory Services – Individual-Security Fees, Expense Fees/Ratios**

The fees charged by us do not include fees charged by any security or fund selected for the client. For example, exchange-traded funds and mutual funds generally charge a fee for their services as a manager. This management fee is part of the total compensation received by the fund company and is included in its expense ratio. The Firm is not paid any sales, service, or administrative fees for the sale of any securities or other products.

These individual-security fees or expense ratios are disclosed in each security's disclosure document or in each fund's prospectus.

### **Investment Advisory Services – Compensation for the Purchase or Sale of Securities**

The Firm is compensated solely through investment advisory and financial planning fees paid by the client. We are not compensated on any sales, service, or administrative fees for the sale of any securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds. However, our Investment Advisor Representatives are registered representatives of LPL and, as such, are compensated for securities transactions that are effected for our client accounts through LPL. See Item 10, Other Financial Industry Activities and Affiliations.

### **Financial Planning – Fees**

The Firm offers financial planning services on an hourly basis. Our hourly fee rate is \$250-\$500 (\$250 for clerical or para professional work, or \$500 for all work handled by the adviser). All financial planning fees are due in arrears, upon presentation of the financial plan for the client. Fees may be negotiable and are detailed further in the FP Agreement.

Generally, our financial planning services require at least one in-person meeting, a follow-up conference call, research and analysis, and the preparation and presentation of our recommendations.

Most financial plans take 10 -15 hours to complete. Prior to signing an FP Agreement, the client and the Firm will discuss an estimated fee to complete the financial plan. The client also has the option to indicate a fee limit at which they must be contacted before we are to proceed toward completion of the plan; in this case, we will contact the client when this limit is reached and obtain their consent before completing the plan.

The financial planning agreement may be terminated by the client within five (5) business days of signing the agreement without incurring any advisory fees if the client has not received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract.

### **Retirement Plan Service Fees**

For our advisory and consulting services described above, we charge an annualized fee of up to 1.00% of the plan's assets.

ACCOUNT SIZE	ADVISORY FEE
\$0 to \$2,000,000	1.00 %
\$2,000,000 and above	Negotiable

If a Retirement Plan Services Agreement is terminated before the end of the billing period, the client is entitled to a prorated refund of any pre-paid fee based upon the total fee less the time and services spent on the engagement prior to the termination. In

addition, the Retirement Plan Services Agreement may be terminated by the client within five (5) business days of signing the agreement without incurring any advisory fees if the client has not received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract.

### **Commission or Sales Charges for Recommendations of Securities**

Our clients may engage certain persons associated with the Firm to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with us. Under this arrangement, the client may implement securities transactions through certain of our Investment Advisor Representatives, in their respective individual capacities as registered representatives of LPL. Brokerage commissions may be charged by LPL to effect these securities transactions and thereafter, a portion of these commissions may be paid by LPL to such Investment Advisor Representatives. Prior to effecting any transactions, the client will be required to enter into a new account agreement with LPL. The brokerage commissions charged by LPL may be higher or lower than those charged by other broker-dealers. In addition, certain of our Investment Advisor Representatives, may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

While the Firm does not sell such securities products to our investment advisory clients, our Investment Advisory Representatives, in their individual capacities as registered representatives of LPL, are permitted to sell securities products to our investment advisory clients. A conflict of interest exists to the extent that the Investment Advisor Representatives recommend the purchase of securities where they receive commissions or other additional compensation as a result of such recommendations. The Firm has procedures in place to ensure that any recommendations made by such Investment Advisor Representatives are in the best interest of clients regardless of any additional compensation earned.

### **Prepayment of Fees**

We do not require fees to be paid in advance.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

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We do not charge performance-based fees and therefore have no economic incentive to manage clients' portfolios in any way other than what is in the best interests of our clients thus avoiding any potential conflict of interest.

## **Item 7: Types of Clients**

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We offer our investment advisory and financial planning services to various types of clients, including individuals, high-net-worth individuals, related family members, trusts, partnerships, pension and profit-sharing plans, charitable organizations and other legal entities.

The Firm requires a minimum asset level of \$100,000 to establish an investment advisory services relationship. However, in our sole discretion we may reduce the required minimum asset level or group certain related accounts for purposes of achieving the minimum account size. After establishing a relationship with us, clients are not required to maintain a particular balance in their accounts.

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

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### **Methods of Analysis and Investment Strategies**

We may utilize fundamental analysis which attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the securities.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

### **Independent Managers**

We may recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment manager(s) (Independent Manager(s)), based upon the stated investment objectives of the client. The terms and conditions under which the client shall engage the Independent Manager(s) will be set forth in separate written agreements between (1) the client and the Firm and (2) the Firm or the client and the designated Independent Manager(s). We will continue to render services to the client relative to the discretionary selection of Independent Manager(s) as well as the monitoring and review of account performance and client investment objectives, for which we will receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Manager(s).

As part of our selection process for an Independent Manager for a client, we review information about the Independent Manager(s) such as its disclosure statement and/or material supplied by the Independent Manager(s) or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available.

We have developed a list of factors that are considered when selecting Independent Manager(s): (1) the client's stated investment objective(s), (2) management style, (3) performance, (4) reputation, (5) financial strength, (6) reporting, (7) pricing, and (8) research. The investment management fees charged (if applicable) by the designated Independent Manager(s), together with the fees charged by the wrap fee program sponsor (if applicable) and corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, our investment advisory fee set forth above. As discussed above, the client may incur additional fees to those charged by us, the designated Independent Manager(s), wrap fee program sponsor (if applicable), and corresponding broker-dealer and custodian.

The client will receive the written disclosure statement of the designated Independent Manager(s) and wrap fee program sponsor (if applicable) as well as our Brochure. Certain Independent Manager(s) may impose more restrictive account requirements and varying billing practices than imposed by us. In such instances, we may alter our corresponding account requirements and/or billing practices to accommodate those of the Independent Manager(s) or wrap fee program sponsor (if applicable).

If we refer a client to certain Independent Manager(s) where our compensation is included in the advisory fee charged by such Independent Manager(s) and the client engages those Independent Manager(s), we will be compensated for our services by receipt of a fee to be paid directly by the Independent Manager(s) to us in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee shall be paid solely from the Independent Manager(s) investment management fee or the program fee of the wrap fee program (if applicable), and will not result in any additional charge to the client.

Our investment advisory services extend across multiple, and potentially all types of asset classes. Construction of an investment portfolio includes the use of various investment tools and strategies, including bank deposits, fixed income investments/separately managed fixed income accounts, equities separately managed accounts, equity options, exchange-traded funds ("ETFs") and other index strategies, hedge funds, private equity funds, real asset funds, and other appropriate investment vehicles. We perform research and due diligence on managers and securities across these asset classes and provide recommendations to the client for the appropriate course of action. Systems have been established to review and monitor portfolios and performance.]

We consider a variety of sources, including but not limited to the following: 1) financial newspapers and magazines; 2) business publications; 3) third-party research materials; 4) SEC filings; 5) other regulatory filings; 6) annual reports; 7) other company reports; and 8) industry conferences.

## **Risk of Loss**

All investing involves a risk of loss that clients should be prepared to bear, including the risk that the entire amount invested may be lost. The investment strategies offered by us could lose money over short or long periods of time. There are no assurances that our investment strategies will succeed and we cannot give any guarantee that it will achieve the investment objectives established by a client or that any client will receive a return on its investment.

Risks to fundamental analysis include:

*Credit Risk* – If debt obligations held by an account are downgraded by ratings agencies, go into default, or if management, legislation or other government action reduces the issuer's ability to pay principal and interest when due, the obligation's value may decline and an account's value may be reduced. Because the ability of an issuer of a lower-rated or unrated obligation (including particularly "junk" or "high yield" bonds) to pay principal and interest when due is typically less certain than for an issuer of a higher rated obligation, lower rated and unrated obligations are generally more vulnerable than higher-rated obligations to default, ratings downgrades, and liquidity risk. Political, economic and other factors also may adversely affect governmental issues.

*Derivatives Risk* – An account's investments in derivatives involve risks associated with the securities or other assets underlying the derivatives, as well as risks different or greater than the risks affecting the underlying assets. Risk unassociated with the underlying assets include the inability or unwillingness of the other party to a derivative to perform its obligations to an account, an account's inability or delay in selling or closing positions in derivatives, and difficulties in valuing derivatives.

*Foreign Investment Risk* – Investments in securities of foreign issuers may involve risks including adverse fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, difficulty in selling foreign investments, and reduced legal protection. These risks may be more pronounced for investments in developing countries.

*Interest Rate Risk* – When interest rates increase, the value of the account's investments may decline and the account's share value may decrease. This effect is typically more pronounced for intermediate and longer term obligations. This effect is also typically more pronounced for mortgage and other asset-backed securities, since value may fluctuate more significantly in response to interest rate changes. When interest rates decrease, the account's current income may decline.

*Liquidity Risk* – Due to a lack of demand in the marketplace or other factors, an account may not be able to sell some or all of the investments promptly, or may only be able to sell investments at less than desired prices.

*Management Risk* – Our client accounts are actively managed portfolios. The accounts' value may decrease if we pursue unsuccessful investments or fail to correctly identify risks affecting the broad economy or specific issuers comprising the accounts.

*Market and Economic Risk* – An account's investment value may decline due to changes in general economic and market conditions. A security's value held in an account may

change in response to developments affecting entire economies, markets or industries, including changes in interest rates, political and legal developments, and general market volatility.

*Prepayment Risk* – Decreases in market interest rates may result in prepayments of obligations in the account, requiring the account to reinvest at lower interest rates.

*Risks Affecting Specific Issuers* – The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may comprise a variety of factors, including but not limited to management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.

*Smaller Company Risk* – Investments in smaller companies may involve additional risks because of limited product lines, limited access to markets and financial resources, greater vulnerability to competition and changes in markets, lack of management depth, increased volatility in share price, and possible difficulties in valuing or selling the investments.

*ETF Risk* - An investment in an ETF involves risk, including the loss of principal. ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

*Master Limited Partnerships (MLPs) Risks* – MLPs are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and may be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning that investors are liable for their pro rata share of the partnership taxes, regardless of the types of accounts where the interests are held.

*Real Estate and Real Estate Investment Trusts (REITs) Risks* - We may recommend an investment in, or allocate assets among, various real estate investment trusts

("REITs"), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

Additionally, our investment decisions always give consideration to both the prospects for return on investment and the risk of loss on investment. In considering the risk of loss, we contemplate both the probability of loss and the potential magnitude of such loss. Some of the risks of loss include volatility risk, market risk, competitive risk, technological risk, inflation risk, exchange-rate risk, interest-rate risk, reinvestment risk, political risk, tax-law risk, regulatory risk, monetary-policy risk, and valuation risk. These and other risks should be considered as the client establishes the appropriate written guidelines and restrictions to include in the Agreement.

## **Item 9: Disciplinary Information**

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The Firm is required to disclose all material facts regarding legal or disciplinary events that would be material to a client's evaluation whether to engage us to provide investment advisory services. Neither the Firm nor its Investment Advisor Representatives have been involved in any legal or disciplinary events related to past or present matters.

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

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### **Activities and Affiliations**

The Firm is not registered as a broker-dealer with the SEC. However, its Investment Advisor Representatives are registered as a registered representative of LPL, an unaffiliated SEC registered broker-dealer and FINRA member. In such capacity, our Investment Advisor Representatives sell securities for client accounts through LPL and receive normal and customary commissions and other types of compensation, for example, mutual fund 12b-1 fees or variable annuity trails. The potential for receipt of commissions and other compensation when our Investment Advisor Representatives act as a registered representative gives them an incentive to recommend investment products based on the compensation received, rather than on the client's needs and may create a conflict of interest. We address this conflict by ensuring that the client's interest is always considered ahead of our own personal gain. Clients have the right to ask us if commissions are also being paid to us.

Our Investment Advisor Representatives can provide services to a client either in a brokerage or advisory capacity. In certain cases, this presents a conflict of interest. In a

brokerage account, a client is charged a commission for each transaction, and there is no duty to provide ongoing advice with respect to the account. In an investment advisory account, a client is provided with ongoing investment advice and we receive an ongoing advisory fee for that service. If a client intends to follow a buy and hold strategy for an account or does not wish to purchase ongoing investment advice or management services, clients should consider opening a brokerage account rather than an investment advisory account.

Our Investment Advisor Representatives are also insurance agents. In such capacity, they may offer fixed and variable life insurance products and receive normal and customary commissions as a result of any purchases made by clients. The client is under no obligation to purchase fixed or variable life insurance through us on a commissionable basis. In addition, our Investment Advisor Representatives may receive other compensation such as fixed or variable life trails. The potential for receipt of commissions and other compensation when acting as an insurance agent gives an incentive to recommend insurance products based on the compensation received, rather than on the client's needs.

See also Item 11, Participation on Interest in Client Transactions.

We do not currently select or recommend other investment advisers for our clients.

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

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### **Code of Ethics**

The Firm has adopted a Code of Ethics, as supplemented or amended from time-to-time (the "Code") describing our standards of business conduct and fiduciary duty to clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All Investment Advisor Representatives of the Firm must annually acknowledge their review of the terms and provisions of the Code. Clients and prospective clients may request a copy of the Code at any time by contacting us at (847) 852-5000 or [info@alchemyfinancialgroup.com](mailto:info@alchemyfinancialgroup.com).

### **Participation or Interest in Client Transactions**

We have policies and procedures in place to ensure that the interests of our clients are given preference over those of the Firm, our affiliates, and our Investment Advisor Representatives. All employees are subject to the Firm's policies and procedures, which include various reporting and disclosure requirements. Both the Firm's Code and policies and procedures are designed to best assure that the personal securities transactions, activities, and interests of our employees do not interfere with decision-making that is in the best interest of our clients. All employees of the Firm must acknowledge the terms of the Firm's policies and procedures annually or as amended.

## **Personal Trading**

The Firm, its employees, and their families, trusts, estates, charitable organizations and retirement plans established by the Firm ("Internal Accounts") may purchase the same securities as are purchased for clients.

Internal Accounts are not allowed to receive more favorable treatment than any client or disadvantage a client in any way. The Firm will trade securities in client accounts at the same time or prior to trading securities for Internal Accounts. Trades executed the same day will likely be executed as block trades allocated to all applicable client accounts and Internal Accounts and will be subject to an average-pricing calculation.

Internal Accounts are eligible for securities transactions that differ from those recommended or effected for the Firm's clients. In most such cases, the particular securities will have been deemed inappropriate for some or all client accounts.

John Bittenbinder, the Firm's Chief Compliance Officer, reviews trading in Internal Accounts on a quarterly basis.

## **Item 12: Brokerage Practices**

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### **Custodian and Brokerage**

Currently all assets are held at LPL, a qualified custodian.

### **Best Execution**

As discussed above, in Item 5, we generally recommend that clients utilize for their managed accounts the brokerage and clearing services of LPL.

Our overriding objective in selecting broker-dealers for effecting portfolio transactions for client accounts is to obtain the best combination of price and execution. The best net price is an important factor, but we also consider the full range and quality of a broker-dealer's services, including the value of research provided; execution, clearance, and settlement capabilities; commission rates; financial responsibility; length and quality of the business relationship with us; our trust and confidence in the broker-dealer; and responsiveness to us. Certain broker-dealers who provide best execution may also furnish us investment research, such as analyses, reports concerning issuers, industries, and the economy for use in managing portfolios. We may use these broker-dealers to effect securities transactions in return, in part, for investment research. Investment research furnished by broker-dealers is used in servicing all accounts and may not necessarily be used in connection with the accounts that paid commissions to the broker-dealers providing such research. Please also see Item 10 regarding our Investment Advisor Representatives' affiliation with LPL.

When we use client brokerage commissions (or markups or markdowns) to obtain research, we receive a benefit because we do not have to produce or pay for the research. Thus, we may have an incentive to select or recommend a broker-dealer

based on the receipt of research, rather than the client's interest in receiving most favorable execution.

A client may direct us to use a particular broker-dealer other than LPL. Under those circumstances, we may not be authorized to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under those circumstances, a disparity in commission charges may exist between the commissions charged to clients who direct us to use a particular broker-dealer and those clients who do not.

In the event that we determine that a particular security is an appropriate investment for more than one client, a single "bunched" order may be placed for the total number of securities to be purchased. In a bunched order, shares are allocated among the individual accounts prior to being placed with the broker-dealer. Individual client accounts participating in bunched trades are charged averaged brokerage commission rates and receive the average price on the execution of the trade. In the event that a bunched trade is not completed in one day, the completed amount is allocated as a percentage of each account's portion of that trade. However, if the shares remaining to be traded for an account fall below 500 shares, these smaller trades are allocated first in an attempt to avoid excess trading costs. Also, in an attempt to avoid excess trading costs, we retain the right to allocate trades that are filled at an amount of 10% or less on a trade day to our largest account.

### **Commissions or Sales Charges for Recommendations of Securities**

Our principals, Mr. Bittenbinder and Mr. Roberts are also registered representatives of LPL. As such, they are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless LPL provides written consent. Therefore, clients are advised that Mr. Bittenbinder and Mr. Roberts may be restricted to conducting securities transactions through LPL unless they first secure written consent from LPL to execute securities transactions through a different broker-dealer. Absent such written consent or separation from LPL, Mr. Bittenbinder and Mr. Roberts are prohibited from executing securities transactions through any broker-dealer other than LPL under LPL's internal supervisory policies. Due to this relationship, we have put in place policies and procedures reasonably designed to ensure our clients receive best execution.

### **Brokerage for Client Referrals**

We do not direct brokerage commissions in exchange for the referral of advisory clients.

### **Wrap Fee Programs**

As disclosed in Item 4, clients may participate in wrap fee programs. In evaluating a wrap-fee program, a client should recognize that brokerage commissions for the execution of transactions in their account are not negotiated. Transactions are effected net, i.e., without commission and a portion of the wrap fee is generally considered to be in lieu of commissions. Trades are generally expected to be executed only with the broker dealer with which the client has entered into the wrap fee arrangement.

We may not, therefore, be free to seek best price and execution by placing transactions with other broker dealers. Our experience indicates that certain broker dealers under clients' wrap fee agreements generally offer best price for transactions in listed equity securities, but no assurance can be given that such will continue to be the case with those or other broker dealers which may offer wrap fee arrangements, nor with respect to transactions in other types of securities. The client may wish to ensure that the broker dealer offering the wrap-fee arrangement can provide adequate price and execution of most or all transactions. The client should also consider that depending on the wrap-fee charged by the broker dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap-fee may or may not exceed the aggregate cost of such services were they to be provided separately and if the firm were free to negotiate commissions and seek best price and execution of transactions for the client's account.

## **Item 13: Review of Accounts**

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### **Periodic Reviews**

We review our client accounts regularly and specific guidelines and restrictions are reviewed monthly by Jason Bittenbinder and Chris Roberts. A more thorough review is performed at least quarterly and formal reviews, including client contact, typically occur at least twice a year. More frequent reviews may occur if there are changes in financial-market, political or economic conditions, tax laws, or when we have new information or perspective on a particular security or asset class.

### **Non-Periodic Reviews**

We may perform non-periodic reviews on an as-needed basis if there have been material changes in the client's guidelines or restrictions, or a material change relating to client deposits, withdrawals, or other financial changes.

### **Reports**

Written quarterly reports for investment advisory accounts that contain information regarding account holdings, market value, advisory fees, and performance are provided to each client.

The client account's independent custodian also provides regular written account statements directly to the client. The custodian's statement is the official record of the client's account and supersedes any statements or reports created on behalf of the client by us.

### **Financial Planning – Reviews and Reporting**

Financial Planning clients will have their plans reviewed as contracted at the inception of the engagement.

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

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We do not pay for client referrals and do not receive any compensation other than advisory fees charged to our clients. We do not accept referral fees or any form of compensation from other professionals when the Firm refers a prospect or client to another professional.

## **Item 15: Custody**

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We do not maintain custody of client accounts. Client securities and other funds are held with a qualified custodian. Clients authorize LPL Financial to deduct fees from client accounts. Clients will receive written account statements directly from the custodian at least quarterly. We recommend that the client review the custodian statement carefully and notify the Firm if such a statement is not received promptly. The custodian also offers the option of viewing portfolio information and account statements through the client's online account access. Clients should set up their on-line account.

Our clients will also receive a separate statement from us each quarter. We strongly recommend that the client compare the two reports for consistency.

## **Item 16: Investment Discretion**

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Based on the executed Agreement, clients grant a limited power of attorney to the Firm with respect to trading activity in their accounts. Therefore, we will exercise full discretion as to the nature and type of securities to be purchased and sold and the amount of securities for such transactions, without preapproval by the client. Investment guidelines and restrictions may be designated by the client as outlined in the Agreement.

If we have not been given discretionary authority, we will consult with the client prior to each trade.

## **Item 17: Voting Client Securities**

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We do not exercise authority with respect to voting proxies on behalf of the Firm's clients. If requested by a client, we will attempt to assist with their proxy decisions regarding shareholder vote, consent, election, or similar actions solicited by or with respect to issuers of securities beneficially held as part of the Firm's supervised and/or managed assets. If any conflict of interest exists, it will be disclosed to the client. Custodians have a responsibility to deliver to clients all proxy materials on a timely basis.

## Item 18: Financial Information

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Registered investment advisers are required to provide certain financial information or disclosures about their firms.

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.

We do not require prepayment of fees of both more than \$500 per client, and more than six months in advance; and therefore is not required to provide a balance sheet to clients.