

## BROCHURE ADV PART 2A



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### Item 1: COVER PAGE

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#### 1 NORTH WEALTH SERVICES, LLC

1997 Annapolis Exchange Parkway, Suite 250  
Annapolis, MD 21401  
410-975-0099

[www.1northwealthservices.com](http://www.1northwealthservices.com)

Brochure dated March 31, 2016

This Brochure provides information about the qualifications and business practices of 1 North Wealth Services, LLC. If you have any questions about the contents of this Brochure, please contact us at 410-975-0099 and/or email [kputek@1nwealth.com](mailto:kputek@1nwealth.com). 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.

1 NORTH WEALTH SERVICES, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about 1 NORTH WEALTH SERVICES, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2: MATERIAL CHANGES

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This item will discuss the specific material changes that have been made to the Brochure since the last annual or interim update in order to provide you with a summary of such changes. We also reference the date of our last interim update of our brochure, June 30, 2015.

Pursuant to SEC Rules, we will ensure that you receive this summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our complete Brochure may be requested by contacting Laurie Lynch at 410-975-0099 or [llynch@1nwealth.com](mailto:llynch@1nwealth.com). Our Brochure is also available on our website [www.1northwealthservices.com](http://www.1northwealthservices.com) free of charge.

Additional information about 1 North Wealth Services, LLC is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with 1 North Wealth Services, LLC who are registered, or are required to be registered, as investment adviser representatives of 1 North Wealth Services, LLC.

### Summary of Material Changes, including those made by interim amendment, since the previous Annual Update:

Item 4: Assets under management are updated as of the end of the most recent quarter.

Item 8: This section has been updated to reflect the current primary sources of information for investment analyses.

Item 12: References to participation in the TD Ameritrade AdvisorDirect program and TDA "Additional Services" program have been removed. Reference to the Schwab Advisor Services Client Benefit Confirmation Agreement has been added.

Item 15: Definition of custody has been updated.

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**Item 3: TABLE OF CONTENTS**

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Item 1: COVER PAGE.....	i
Item 2: MATERIAL CHANGES.....	ii
Item 3: TABLE OF CONTENTS .....	iii
Item 4: ADVISORY BUSINESS.....	1
Item 5: FEES AND COMPENSATION .....	3
Item 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	4
Item 7: TYPES OF CLIENTS .....	5
Item 8: METHODS OF ANALYSIS, STRATEGIES, AND RISK OF LOSS .....	5
Item 9: DISCIPLINARY INFORMATION .....	7
Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	7
Item 11: CODE OF ETHICS.....	7
Item 12: BROKERAGE PRACTICES .....	8
Item 13: REVIEW OF ACCOUNTS .....	12
Item 14: CLIENT REFERRALS AND OTHER COMPENSATION .....	12
Item 15: CUSTODY.....	12
Item 16: INVESTMENT DISCRETION .....	13
Item 17: VOTING CLIENT SECURITIES .....	13
Item 18: FINANCIAL INFORMATION.....	13



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**Item 4: ADVISORY BUSINESS**

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**The Firm**

1 North Wealth Services, LLC, informally known as “1NW Services” or “1NorthWealth” (referred to also as “the Company,” “the Adviser,” or “1NWS,” is an investment advisory firm originally founded as an independent Registered Investment Advisor in 1988 under the name “Jay Middleton Advisory.” The name of the firm, Middleton Gardiner Group, LLC was changed to 1 North Wealth Services, LLC after the purchase of the ownership interest of Gardiner & Appel, Inc. The principal owners of the Company are Jay Middleton, Inc., and Goal Focus, Inc. The members of Jay Middleton Inc. are Jay C. Middleton, ChFC® (Principal) and Linda E Lessey (Chief Compliance Officer). Goal Focus, Inc. is owned by James E. Brennan, CFP® (Director of Financial Planning).

The Company furnishes advice in the areas of investments and financial planning. We provide clients with discretionary investment advice, including asset allocation services, based on their stated objectives, needs, risk tolerance and desired management style. Financial planning services include retirement planning, comprehensive financial planning, education funding, and financial review. Occasionally, the firm gives advice on risk management, cash flow management and the acquisition, retention and/or liquidation of non-security type assets. Because risk management is often part of the financial planning process, the firm offers insurance and fringe benefits consulting which may lead to referrals to unaffiliated insurance providers, as decisions regarding these issues must often be decided upon before an investment strategy can be implemented.

**Discretionary Managed Account Program**

In this program, the firm is given discretionary trading authority to actively manage your accounts. After a thorough fact finding consultation where your current assets and liabilities are listed and goals and objectives are defined, we will advise you as to which types of investments are appropriate to accomplish your stated objectives. We carefully consider the time frame of your goals, your risk tolerance, the general outlook of the economy and the current investment markets. We offer customized portfolios, depending on your individual investment style profile as determined by your responses in interviews and/or on written questionnaires. The firm provides research and initial asset allocation services to establish a diversified portfolio based on client stated objectives. Subsequently, we monitor the investments and rebalance client portfolios as necessary or when there is any change in client objectives. Our service also includes quarterly reports provided electronically (unless elected to receive paper reports) and updating meetings annually, or at client request.

For continuous active asset management, the firm is given discretionary trading authority by the client. This allows the firm to buy or sell securities within your account(s) as well as specify the amount of securities to invest, without first obtaining your specific consent. This consent is limited only by the presence or absence of margin features and the approved level of options trading on the account(s). You may, at any time, elect to place restrictions on the purchase or sale of certain securities. For

instance, you may ask us to buy (or not to buy) certain securities, or you may ask us not to sell certain holdings already owned that you wish to retain. We do not, as a rule, research or monitor those investments that have not been specifically recommended by the firm. You will be ultimately responsible for monitoring client restricted investments although we will assist you on request.

### **Participant-Directed Account Program for 401(k) Retirement Plans**

For business owners, we often recommend the use of pension plan programs as a benefit for you and your employees. The firm can recommend various third party administrators (TPAs) and/or custodians for your plan. Considerations are based on various factors, including the type of plan required, and the services and costs associated with the plan. Like the Discretionary Managed Account Program described above, we provide research and asset allocation services to design diversified portfolios based on your and your participants' stated objectives. We also provide you and your participants the training required to set up your accounts for automatic investment of your contributions. Subsequently, we monitor the investments and keep you informed of any recommended changes. The service also includes annual meetings for you and your participants.

The firm is not an affiliate of, nor does it receive economic benefit from any TPA or Pension Plan custodian; the firm will only recommend a TPA and/or Plan custodian based on your stated goals and objectives, and the opinion that the program will best fulfill your particular need. If a program is recommended, you are responsible for reviewing the program's documents and disclosures before making a decision to invest. The firm will not have discretionary trading authority for accounts in the program and participants will be responsible for following or not following the advice given and making the recommended investment trades.

### **Assets Under Management**

As of December 31, 2015, the firm had under management:

\$ 179,500,000	in Discretionary Managed Client Accounts
\$ <u>0</u>	in Non-Discretionary Client Accounts
\$ 179,500,000	Total Assets Under Management

## Item 5: FEES AND COMPENSATION

### Investment Management Fees

The firm charges advisory fees for discretionary account management based on a percentage of the market value of the account assets at the end of each quarter and billed in arrears, as follows:

<u>Total Managed Portfolio Assets</u>	<u>Percentage Charged</u>
up to \$500,000.00	1.15% per annum (0.2875% quarterly) (minimum fee: \$625 per quarter)
From \$500,000.01 to \$1,000,000	0.8% per annum (0.20% quarterly)
From \$1,000,000.01	0.6% per annum (0.15% quarterly)

Fees are adjusted for capital additions and withdrawals of amounts over \$2500.00. Unless otherwise noted by agreement, the fees will be billed directly to your accounts.

All fees are subject to negotiation. Related accounts may be combined in order to reduce the fee charged. The firm reserves the right to reduce or waive the fee charged on employee, family, or other firm related accounts. The specific manner in which fees are charged is established in your written agreement with us. The firm will generally bill its fees in arrears on a quarterly basis. You may elect to be billed for fees or to authorize us to debit fees directly from your accounts. The firm prorates the fees due for accounts initiated or terminated during a calendar quarter. You have the right to terminate an agreement without penalty within five business days after entering into the agreement.

Fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses. You may incur additional charges imposed by custodians, brokers, and other third party service providers. These may include custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Complete descriptions of these fees are contained in the separate agreements and/or ADV Brochures of the relevant managers or administrators.

1 North Wealth Services, LLC is a fee only advisory firm, i.e., we do not sell investment products for commissions. The firm recommends only no-load mutual funds and ETFs. You should be aware that these funds charge internal management fees, which are disclosed in the fund prospectus. Clients owning variable annuities should also be aware of Mortality and Expense fees charged by these investments and disclosed in the annuity prospectus. Certain mutual funds and variable annuities may charge contingent deferred sales charges (CDSC) on withdrawals. These charges, fees and commissions are exclusive of and in addition to the firm's fee, and we do not receive any portion of these commissions, fees, and costs.

See Brokerage Practices, which further describes the factors that the firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

### **Financial Planning Fees**

We offer financial planning services either on an hourly basis for clients with an immediate rather than on-going need, or on a flat fee basis for on-going service. You select the level of service required based on your current need for financial guidance. Fees currently range from \$400 hourly to \$3,000 annually for project or more comprehensive planning, depending on the level of service required, and are negotiable.

The fee for planning services does not include active asset management, discussed under Investment Management Fees.

### **Fees for Other Services**

Unless part of a more comprehensive financial plan, fees for other services are based on an hourly rate of \$400.00 per hour, or for on-going services, a predetermined flat fee paid quarterly. For example,

- Consultations (other than the initial free consultation)
- Non-discretionary investment management
- Analysis of existing assets outside the firm's management
- Estate administration assistance
- Retirement and education funding projections
- Retirement Plan analysis
- Risk analysis
- Business valuation services

### **Refund Policy and Termination**

If you wish to terminate your arrangement with the firm, notification to the Company in writing is required. For advisory agreements terminated within five (5) business days from the date of inception, no fees will be charged. For management fees billed in arrears, you will be billed pro rata for that current quarter up to the date of receipt of written notification. There may be an administration fee of up to \$75.00 for termination of a 401(k) plan participant account. Please consult your advisory agreement for details.

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### **Item 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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The firm does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).



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### Item 7: TYPES OF CLIENTS

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The firm primarily provides investment management and financial planning to individuals, closely held corporations, retirement plans, estates and trusts.

There is no minimum portfolio asset value imposed upon clients of financial planning services. For discretionary asset management, the minimum new client investment in the Managed Account Program is \$500,000.00. (There are no minimum account size restrictions and the minimum fee requirement is waived for Employee Plan 401(k) Participant accounts).

Household accounts are combined for the purpose of meeting the above minimums. We reserve the right to make exceptions to the published minimum account size for whatever reason we deem appropriate.

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### Item 8: METHODS OF ANALYSIS, STRATEGIES, AND RISK OF LOSS

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The firm primarily uses fundamental analysis (analyzing the company) as a method of security analysis, with a secondary focus on technical analysis (analyzing the marketplace). Sources of information the firm uses for evaluation include: VectorVest, Sherman Sheets, and subscriptions to outside expert newsletters for traded stocks. Various fund managers also provide updates via teleconference. The firm takes advantage of these conferences when the fund is of interest.

**The firm uses several strategies to help you reach your investment goals. Each of these strategies carries a degree of risk:**

- ❑ **Capital Preservation Strategy:** The goal is to preserve principal while earning a higher overall rate of return than that offered by cash. Investments include Certificates of Deposit (CDs), government bonds and bond mutual funds or Exchange Traded Funds (ETFs). Despite a focus on bonds of high quality and relatively short-maturities, there is still risk of loss. Low rates of interest can result in loss when fees exceed the return on cash equivalent investments. Inflation may devalue the assets. Bonds may also suffer from market illiquidity and rising interest rates. There is also a risk of unanticipated downgrades of bonds in the portfolio. Persistent declines in the housing market may result in downgrading of government mortgage-backed bonds.
- ❑ **Total Return Strategy:** The strategy is comprised predominately of instruments whose return is specified in advance of purchase. This includes but is not limited to fixed income instruments such as corporate bonds, mortgage-backed bonds, municipal bonds, and mutual funds or ETFs holding these types of investments. We may also purchase high dividend-paying stocks, preferred stock or MLPs (Master Limited Partnerships). The risks to these investments include rising interest rates, large declines in equity markets, market illiquidity, dividend reductions, and default. In addition, mortgage-backed bonds are tied to the housing market; although examined diligently for quality, if housing prices were to

fall dramatically, these bonds will lose value. Their duration is also uncertain; mortgage-backed bonds have pre-pay as well as extension risk (depending on how quickly or slowly the underlying mortgages are retired.) Private-label mortgage-backed bonds have an additional risk associated with the quality of the issuing company.

- **Growth Strategy:** The strategy is comprised of investments where the majority of return is expected to come from market appreciation. These include but are not limited to individual stocks, and stock or bond mutual funds and ETFs, which, in the opinion of the Adviser, have potential for appreciation. There is risk that these investments may lose value due to unfavorable economic conditions, market volatility, and rising interest rates. The companies themselves may experience reduced earnings, missed expectations and other unexpected circumstances causing loss of value.
- **Alternative Strategy:** Investments may include mutual funds and ETFs invested in long/short equity or bond positions, precious metals, commodities, and real estate. This strategy may be used in larger portfolios to balance and reduce risk posed by other strategies and is not used independently. For example, when used in conjunction with a growth strategy, it will have a tendency to reduce the volatility of the portfolio. The added risk posed by such investments is that the firm may at times use an incorrect sector play, providing poor protection for the full portfolio.

Most client portfolios are invested in a diversified blend of the above strategies. The choice of blend is based on your stated goals and tolerance for risk. A specific allocation can vary with market conditions, additions or withdrawals.

Target percentages for each model are determined by the investment committee and serve as a general guideline for traders and advisors.

You are urged to carefully consider your choice of portfolio for long-term investment goals. Changes are always possible, but involve their own risks in increased trading costs and possible losses due to bad timing of the sales or purchases necessary to change portfolio design.

For all strategies, the firm will primarily use no-load mutual funds to achieve diversification among asset classes and sectors. For larger accounts, a limited number of securities including but not limited to individual stocks and ETFs (Exchange-traded funds) may be added. For larger portfolios, individual bonds may supplement bond mutual funds.

In all cases, you should be aware that investing in securities involves risk of loss that you should be prepared to bear. No investment strategy provides a guarantee against the risk of possible losses.

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**Item 9: DISCIPLINARY INFORMATION**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to client evaluation of the firm or the integrity of the firm's management. The firm has no information applicable to this Item.

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**Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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1 North Wealth Services, LLC is an independent advisory firm not affiliated with any broker-dealer.

The Advisor participates in the Charles Schwab Advisor Services ("Schwab") program, sponsored by Charles Schwab & Co., and the TD Ameritrade Institutional ("TDA") program, a division of TD Ameritrade, Inc. As part of these programs, the Advisor receives benefits that it would not receive if it did not provide investment advice to clients. While there is no direct affiliation between the investment advice given to clients and the Advisor's participation in these programs, economic benefits are received by the Advisor which would not be received if the Advisor did not give investment advice to clients or have an established relationship with these firms. These benefits do not depend on the amount of transactions directed by the Advisor to the programs. (See Item 12: Brokerage Practices)

As part of its Planning services, the Advisor may refer clients to outside professionals, including attorneys and insurance professionals, from whom it receives no compensation. However, the Advisor may from time to time have an arrangement whereby it may lease space available in its offices to an outside unaffiliated professional. When a referral to an outside professional is indicated, the Advisor will endeavor to provide more than one choice. However, clients should be aware that any referrals to professionals who are also tenants may pose a potential conflict of interest and that more than one referral should always be considered.

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**Item 11: CODE OF ETHICS**

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The firm maintains a written Code of Ethics outlining the policies and procedures to be followed by officers and staff to assure that the firm's high standards of business conduct are met. It is our policy that any person employed by the Company is prohibited from profiting at the expense of a client. Clients may not necessarily be recommended the same investments made by the firm owners or its employees if those investments are deemed by the advisor unsuitable for the client. However, owners and employees may buy or sell for their own accounts the same investment products recommended to clients. When several clients, or clients and employees, are participating in the same equity trade at the same time, Company policy is to submit block trades which are then allocated equally as to price among the participants. (Each trade is treated as a separate transaction for the purpose of calculating brokerage commissions.)

Transactions are usually conducted in widely held and heavily traded securities; thus transactions will not usually have an effect on market prices. Should an associated person of the firm ever choose to purchase or sell a security which is thinly traded at the same time as a client of the firm, the transactions will be entered in such a way as to make sure that if either party would be at an advantage, it will be done so that the client will be the advantaged party.

A copy of the firm's Code of Ethics may be requested by contacting Laurie Lynch, Client Services.

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**Item 12: BROKERAGE PRACTICES**

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The firm is independently owned and operated, and is neither registered as, nor affiliated with, a broker/dealer and does not maintain custody of the client's funds or securities (see Item 15). When the recommendations of a financial plan involve the purchase or sale of investment products, clients must effect transactions through a custodian and brokerage firm. The firm will assist you with developing a relationship with a broker/custodian that the Advisor has a relationship with, including but not limited to Charles Schwab & Co., and TD Ameritrade, Inc. ("the custodians"). Since the firm generally uses the custodian as the broker/dealer to execute your trades, the firm endeavors to recommend to you a custodian/broker/dealer that will provide the best services at the lowest commission rates possible. The firm recommends that you establish brokerage with a FINRA-registered broker-dealer, member SIPC, to maintain custody of your assets and to effect trades for your accounts. The firm does not however have discretion over the choice of the custodian of your accounts. Although the firm may recommend a custodian, it is your decision where to custody assets.

Most investments are made through a broker offering discounted commissions on trades and no-load, no-transaction-fee, mutual funds. The reasonableness of the commission is based on the broker's ability to provide professional services, competitive commission rates, research and other services that will help the firm in providing investment management services to you. Therefore, the firm will recommend a broker/dealer who provides useful research and securities transaction services even though a lower commission may be charged by another broker/dealer, who offers no research services and minimal transaction assistance. Research obtained may be used in servicing all our clients.

The custodian provides the firm with access to its institutional trading and custody services, which are typically not available to retail investors. These services are not contingent upon the firm committing to the custodian any specific amount of business (assets in custody or trading commissions). Brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in their custody, the custodians do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the brokerage or that settle into the accounts. For transactions executed away from the custodian through Prime Broker or TradeAway arrangements, the custodian charges a separate fee per transaction or allocation in addition to any commission or markup that may be charged by the broker.

The custodians also make available to the firm other products and services that benefit the firm but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of the firm's accounts, including accounts not maintained at the respective brokerages.

Brokerage products and services that assist the firm in managing and administering client accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of the firm's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

The custodians also offer other services intended to help the firm manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. The custodian may make available, arrange and/or pay third-party vendors for the types of services rendered to the firm. The custodian may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the firm. The custodian may also provide other benefits such as educational events or occasional business entertainment of firm personnel. In evaluating whether to recommend or require that clients custody their assets at a custodian, the firm may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

The firm participates in the institutional advisor programs (the "Programs") offered by TD Ameritrade Institutional ("TDA") a division of TD Ameritrade, Inc. and that operated by Schwab Advisor Services ("Schwab") a division of Charles Schwab & Co. TD and Schwab are both unaffiliated FINRA-registered broker-dealers, members SIPC. TD and Schwab offer to independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TDA and Schwab through its participation in their Programs.



As disclosed above, the firm participates in both TD and Schwab's institutional customer programs and may recommend either broker to clients for custody and brokerage services. There is no direct link between the firm's participation in the programs and the investment advice it gives to its clients, although advisor receives economic benefits through its participation in the programs that are typically not available to TD and Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount): A dedicated trading desk that services the Advisor's clients, a dedicated service group and an account service manager dedicated to the Advisor's accounts, access to a real time order matching system, electronic download of trades, receipt of duplicate and batched client statements, confirmations and year-end summaries; research related products and tools; consulting services; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors), and the ability to have custody fees waived. Schwab and TDA may also have paid for business consulting and professional services received by Advisor's related persons.

Some of the products and services made available by Schwab and TDA through their programs may benefit Advisor but may not benefit its client accounts. These products or services may assist Advisor in managing and administering client accounts, including accounts not maintained at TDA or Schwab. Other services made available by the custodians are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in such programs do not depend on the amount of brokerage transactions directed to the custodian. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. You should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of one custodian over another for custody and brokerage services.

Advisor also receives from Schwab Advisor Services certain additional economic benefits that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, additional benefits include assistance with technology, research and marketing related expenses. Schwab provides this benefit to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to Schwab for the benefit. Advisor and Schwab entered into a separate agreement ("Client Benefit Confirmation Agreement") to govern the terms of the provision of the benefits. Advisor's receipt of additional benefits raises potential conflicts of interest. In providing an additional benefit to Advisor, Schwab considers the amount and profitability of the assets in Advisor's client accounts added to and maintained with Schwab.

Consequently, in order to obtain the benefits from Schwab, Advisor may have an incentive to recommend to its clients that the assets under management by Advisor be held in custody with Schwab. Advisor's receipt of additional benefits does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

When the firm has discretionary authority to trade in clients' accounts, the firm may from time to time use brokers other than the custodian to carry out those trades. For example, when clients' assets are custodied at one brokerage firm, the firm will most often execute trades through that firm. However, the firm may on occasion use other brokerages to trade securities, particularly in the fixed income arena. This is known as trading away. The Advisor will trade away when it deems you will benefit from better execution and/or service through another brokerage. In certain instances the Advisor may execute over the counter securities transactions on an agency basis, which may result in advisory clients incurring two transaction costs for a single trade: a commission paid to the executing broker/dealer plus the market makers mark-up or mark-down.

The firm often makes use of block trading to assure that each client receives the same price on a trade. When clients participate in block trades, each trade is treated by the broker as a separate transaction for the purpose of calculating brokerage commissions. A client who directs the firm to use a custodian/broker/dealer other than Schwab or TDA, is ineligible to participate in block trades and therefore may not receive the same execution as to commissions and price as other clients. Furthermore, block trades executed at one broker may not receive the same price and execution as block trades executed at another broker.

Although the broker sets the commission rates on trades, these may differ from client to client and may be based on several factors, including but not limited to your portfolio size and whether or not you accept electronic confirmations and statements. Under certain circumstances the firm has discretion to choose alternate brokers such as when trading for Prime Broker accounts or when trading away. Occasionally the firm may arrange an agency cross transaction between advisory clients when one client wishes to sell and another wishes to buy the same security and when, in the Advisor's opinion, both clients may achieve better price and/or execution by avoiding the open marketplace. The firm does not act as broker and receives no compensation in facilitating such transactions.

For individuals who desire management on a limited discretionary basis of the investment options available to them within their company-sponsored qualified savings plan, we may recommend a third party service provider, such as Retirement Management Systems, Inc., to service the account and provide administrative, technology and advisory support services. Please review the Provider's ADV Part II, Advisory Agreement, and Privacy Policy before making a decision to use the service.

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**Item 13: REVIEW OF ACCOUNTS**

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The firm uses a team approach to managing accounts and all members of the team will be familiar with your accounts. For planning or asset management programs, the firm provides client meetings with a Registered Investment Advisor Representative of the firm as needed. (For further information please see the Brochure Supplement).

Meetings include reviews of accounts and are offered on an annual basis or more frequently should you so request. Accounts may be reviewed outside of client meetings more frequently than annually, such as when market conditions change, when rebalancing becomes necessary, when securities are bought or sold, when your objectives change, or for other reasons.

For asset management programs, you are provided reports and transaction confirmations by the custodian at least quarterly. Statements include, among other information, a listing of all investments in your accounts, current valuation and transaction listings for the period.

The firm provides asset management clients with at least quarterly account reports that include a performance review and a commentary with investment and planning topics such as the firm's current views on the status of the market. Realized gains and losses reports are provided by request for income tax purposes. You may receive the custodian's reports electronically or may opt-out of electronic reporting and receive paper reports at least quarterly.

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**Item 14: CLIENT REFERRALS AND OTHER COMPENSATION**

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The firm may enter into arrangements with other parties pursuant to the provisions of Rule 206(4)-3 promulgated under the Advisers Act whereby those parties act as a solicitor for the Company and under which program a representative of such party (the "Solicitor") may offer our advisory services. Through such an arrangement the Solicitor is not an employee of the company but, by written agreement, would receive compensation based on a percentage of the total advisory fee. If applicable, the information would be disclosed to you prior to entering into an investment advisory agreement with us.

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**Item 15: CUSTODY**

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Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct C. Schwab & Co. or TD Ameritrade to deduct our advisory fees from your accounts. C. Schwab & Co. or TD Ameritrade maintains actual custody of your assets. You will receive account statements directly from C. Schwab & Co. or TD Ameritrade at least quarterly. They will be sent to the email or postal address you provided to the broker dealer. We urge you to carefully review these statements and compare such official custodial records to any account statements that we provide. Our



statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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**Item 16: INVESTMENT DISCRETION**

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The firm usually receives discretionary authority from you at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients we advise. Investment guidelines and restrictions must be provided to us in writing.

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**Item 17: VOTING CLIENT SECURITIES**

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As a matter of firm policy and practice, the firm does not have any authority to and does not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. We may provide advice to clients regarding the clients' voting of proxies if requested.

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**Item 18: FINANCIAL INFORMATION**

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Registered investment advisers are required to provide you with certain financial information or disclosures about the Company's financial condition. The firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.



