

## **Firm Brochure**

(Part 2A of Form ADV)

**May 24, 2016**

Saxony Capital Management, LLC  
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St. Louis, MO 63119  
Phone number: 314-963-9336

This brochure provides information about the qualification and business practices of Saxony Capital Management, LLC. If you have any questions about the contents of this brochure, please contact Saxony Capital Management, LLC at (314) 963-9336. 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 Saxony Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration does not imply a certain level of skill or training.

### Material Changes:

The following statements apply to the material changes since the last annual update. The date of the last annual update was: March 18, 2015.

Saxony Capital Management, LLC, (“SCM”) total assets under management as of December 31, 2015 was \$184,542,776. Of this amount \$173,867,143 are discretionary and \$10,675,633 are nondiscretionary.

SCM no longer has custody of accounts.

The following management person is registered with Pinnacle Equity Management, Inc., Brian Clark, FINOP.

## **Table of Contents**

<b>Item 1. Cover Page .....</b>	<b>i</b>
<b>Item 2. Material Changes.....</b>	<b>ii</b>
<b>Item 3. Table of Contents .....</b>	<b>iii</b>
<b>Item 4. Advisory Business .....</b>	<b>1</b>
Firm Description .....	1
Principal Owners.....	1
Types of Advisory Business.....	1
Asset Management Accounts.....	1
Advisory Accounts .....	1
Financial Planning.....	1
Third Party Advisory Services .....	2
Private Fund .....	2
Other Services.....	3
Assets Under Management .....	3
<b>Item 5. Fees and Compensation .....</b>	<b>3</b>
Description and Fees .....	3
<b>Item 6. Performance-Based Fees and Side-by-Side Management .....</b>	<b>6</b>
<b>Item 7. Types of Clients and Account Minimums .....</b>	<b>7</b>
<b>Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss .....</b>	<b>7</b>
Methods of Analysis and Investment Strategies .....	7
Risk of Loss .....	7
<b>Item 9. Disciplinary Information .....</b>	<b>8</b>
<b>Item 10. Other Financial Industry Activities and Affiliations .....</b>	<b>8</b>
Other Financial Industry Activities .....	8
Affiliations .....	8
<b>Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>8</b>
Code of Ethics.....	8

Participation or Interest in Client Transactions and Personal Trading.....	8
<b>Item 12. Brokerage Practices .....</b>	<b>9</b>
Selecting Brokerage Firms and Soft Dollars.....	9
Aggregate Orders/Block Trading .....	9
Trade Errors .....	9
<b>Item 13. Review of Accounts .....</b>	<b>9</b>
<b>Item 14. Client Referrals and Other Compensation .....</b>	<b>9</b>
Referrals to Other Investment Advisors .....	9
Other Compensation .....	9
<b>Item 15. Custody .....</b>	<b>10</b>
Account Statements and Performance Reports Pershing LLC and TD Ameritrade.....	10
Third Party Advisory Services .....	10
<b>Item 16. Investment Discretion .....</b>	<b>10</b>
Discretionary Authority for Trading.....	10
<b>Item 17. Voting Client Securities .....</b>	<b>10</b>
Proxy Votes .....	10
<b>Item 18. Financial Information.....</b>	<b>10</b>

## **Item 4. Advisory Business**

### **Firm Description**

Saxony Capital Management, LLC ("SCM") is a Missouri company registered with the SEC as an investment adviser. SCM also maintains investment adviser registration in various other states as required by applicable law. SCM has been in business since September 2002.

### **Principal Owners**

The principal owner of SCM is Saxony Financial Holdings, LLC.

### **Types of Advisory Business**

SCM offers the following types of advisory services:

- 1. SCM - Asset Management Accounts ("AMAs")**
- 2. Advisory Accounts**
- 3. Financial Planning**
- 4. Third Party Advisory Services**
- 5. Private Fund**
- 6. Other Services**

An Advisory Client's Account may be terminated at any time by SCM or by the Advisory Client by giving immediate written notice or verbal notice of such termination to the other party. In the event of termination, a pro rata refund of management fees prepaid by the Advisory Client to SCM (less any charges or other expenses owed) will be made from the effective date of termination through the end of the then-current billing period.

### **1. SCM – AMAs**

The AMAs offer asset monitoring, management and trade execution services to the Advisory Client. The AMAs will be charged an advisory fee, which covers investment advice, account monitoring and other services provided by SCM. Separate transaction charges will be charged by Saxony Securities, Inc. ("SSI") and received by SSI for the execution of trades through SSI, a Broker-Dealer affiliated with SCM. The Advisory Client will grant discretionary authority to the SCM Investment Advisor Representative (the "IAR") to manage securities in the AMAs. The securities include, but are not limited to, no-load mutual funds, mutual funds offered at Net Asset Value ("NAV"), stocks, bonds, options and eligible variable annuities. In consideration for handling and servicing the AMAs, the Advisory Client will pay to SCM a management fee on a quarterly basis, in advance, in accordance with the applicable schedule noted.

### **2. Advisory Accounts**

IARs can manage assets which are held with TD Ameritrade or Charles Schwab. SCM, through the Advisory Account, offers asset monitoring, management and trade execution services to Advisory Client. The Advisory Account will be charged an advisory fee, which covers the investment advice, account monitoring and other services provided by SCM and the SCM IAR. The IAR may also be a registered representative of SSI. For servicing the Advisory Account, the Advisory Client will grant IAR discretionary authority to purchase and/or sell shares of selected No-Load Mutual Funds and Mutual Funds offered at NAV which are consistent with the Advisory Client's investment objectives and risk tolerances as disclosed to SCM and SSI by the Confidential Advisory Client Profile (as Exhibit A in Client Agreement). IAR may also liquidate certain Load Mutual Funds previously purchased by the Advisory Client. In addition, the Advisory Client will grant discretionary authority to the IAR to manage other securities in the Advisory Client's Advisory Account, including, but not limited to, stocks, bonds, options (limited to purchasing puts and calls and writing covered calls) and eligible variable annuities.

### **3. Financial Planning**

SCM does charge hourly or flat fees for financial planning. Planning is done for individuals only. Advisory Client is sent an invoice either before or after the service is provided. The type of financial planning includes retirement and investment planning. The minimum net worth for a client to participate for a plan is \$100,000.

Retirement Planning:

- 1) Gather Suitability Information (Form required to be completed by the Advisory Client)
- 2) Complete Priority Planning Review (Form required to be completed by the Advisory Client)

- 3) Define goals and objectives
- 4) Calculate Net Worth
- 5) Evaluate current investments and life insurance while determining risk; will the current allocation meet the goals?
- 6) Determine expenses and income (current and future)
- 7) Propose to the Advisory Client a strategy for investments and a budget

#### Investment Planning:

- 1) Gather Suitability Information (Form required to be completed by the Advisory Client)
- 2) Complete Priority Planning Review (Form required to be completed by the Advisory Client)
- 3) Define goals and objectives
- 4) Calculate Net Worth
- 5) Evaluate current investments and life insurance while determining risk; will the current allocation meet the goals?
- 6) Propose to the Advisory Client a strategy for investments and a budget

The following examples explain the payment and services for Financial Planning for each payment method, hourly or flat fee. Advisory Client may consider paying by the hour when a financial plan includes one of the following; retirement or investment planning. Since the amount of information required to be collected is limited to only one person, the amount of time devoted on the financial plan could be less, so the Advisory Client may be better suited to pay hourly. This time allotted for the individual may be 2 to 3 hours. A flat fee financial plan is the other option for an Advisory Client such as a married couple or family since their plan may have more components/information in the plan. The financial plan could include both retirement and investment planning. This plan may require more time to gather information since more than one individual is involved, so a flat fee payment may be a better option. The amount of time allotted on all meetings/information gathering/Advisory Client education time could range from 4 to 6 hours. A fixed fee is determined by the Advisory Client and the IAR at the time of the initial consultation. The Advisory Client may terminate the agreement at any time. The following example shows how the flat fee for a more complex plan is determined for a family of four: Retirement Plan: Father and Mother - 3 hours Investment Planning: Father and Mother – 2 hours - Investment planning: Two children: 1 hour. Also included in this plan is the initial meeting, any additional calls or meetings before the final meeting, which at that time the financial plan is discussed.

SCM does offer consulting services for 529 Plans. The annual fee is 1%. Advisory Client will be billed quarterly in arrears. The services include asset allocation, reallocation and annual review.

#### **4. Third Party Advisory Services**

SCM maintains selling agreements with various other registered investment advisers to offer their advisory services. For detailed information, the Advisory Client should consult the separate disclosure brochure provided to them at account opening. SCM will perform the due diligence review on each third party advisor.

SCM IARs refer Advisory Clients to non-affiliated Investment Advisors to manage the Advisory Client's assets. Investment Advisors include: W.E. Donoghue & Co., Inc., Clark Lanzen Skalla Investment Firm, LLC, Equis Capital Management, Inc., Equity Investment Corp., Geovest Advisors, Inc., Nationwide, OCCAM, GE Private Asset Management, Inc., AssetMark Investment Services, Inc., Bellatore Financial, Inc., Hanlon Investment Management, Inc., Flex-Plan, Cornerstone Select Advisors, LLC., Lockwood Advisors, and USA Financial Portformulas.

#### **5. Private Fund**

SCM offers a private fund, Arsenal Capital Management, LLC ("ACM"), which is managed by Arsenal Capital Advisors, LLC ("ACA"). The manager of ACA is Peter Reinecke who is registered with SCM as an IAR. ACM will be investing in various portfolio companies (individually, a "portfolio company" and collectively, the "portfolio companies") selected by the manager. These portfolio companies will generally be early-stage ventures. Advisory Clients will be given the opportunity to obtain any information concerning the portfolio companies and will be furnished all such information so requested. The choice of portfolio companies is to be made by the Advisory Client with the assistance of the manager. The client understands the manager intends to offer a variety of companies to which the client may allocate a portion of their respective capital contribution for investment. The client can choose to allocate that portion of their respective capital contribution as they choose to just one, more than one, or all of the portfolio companies. The Advisory Client's choice of allocation among portfolio companies is irrevocable. The manager will perform due diligence reviews of the portfolio companies to the extent it deems necessary, in its sole discretion, and will assist the client in choosing how their capital contribution will be invested in portfolio companies. However, the manager makes no guarantee or other representation regarding the future performance of

the portfolio companies or that such allocation will be profitable in the future. Each Advisory Client will be required to sign a subscription agreement and meet suitability guidelines. The Advisory Client is either (A) a natural person who, or family company which, owns not less than \$5 million in investments; (B) an individual or company that has at least \$1 million in assets under management with the company and/or Mr. Reinecke; (C) an individual or company with a net worth, exclusive of primary residence, of more than \$2 million; or (D) is otherwise a “qualified purchaser” pursuant to Section 2(a)(51)(A) of the Investment Company Act of 1940 or a “qualified client” under Rule 205-3(d)(1) of the Investment Advisers Act of 1940. Investments can include securities and financial interests, domestic and foreign, of all kinds and description including, but not limited to, common and preferred stocks, bonds, notes and other debt securities, convertible securities, limited partnership interests, options, warrants, monetary instruments and cash and cash equivalents.

## **6. Other Services**

SCM IARs may charge a finder’s fee for additional services provided to Advisory Client(s). The IAR will charge a flat fee and the fee will be disclosed to the client(s). SCM IARs may provide family office services regarding delivery of checks to banks, mailing checks to fund companies, and other services offered as a holistic approach.

### Assets under Management

Saxony Capital Management, LLC total assets under management as of December 31, 2015 was \$184,542,776. Of this amount \$173,867,143 are discretionary and \$10,675,633 are nondiscretionary.

## **Item 5. Fees and Compensation**

### **1. SCM – AMAs**

Option 1: This fee arrangement will include transaction charges, if applicable, for trades executed in Advisory Client's AMA. SCM's fees may be higher than fees normally charged in the industry and that other investment advisers may provide the same or similar services for a lower fee.

<u>Portfolio Value</u>	<u>Maximum Fee</u>
First \$125,000 - \$500,000	2.30%
Next \$500,000	1.90%
Next \$1,000,000	1.60%
Over \$2,000,000	1.30%

There is a Transaction charge of \$20.00 and an \$8.95 confirm fee on Mutual Fund Class Shares B and C. Other additional fees may apply.

Option 2: This fee arrangement will not include transaction charges (noted below), if applicable, for trades executed in Advisory Client's Asset Management Account.

<u>Portfolio Value</u>	<u>Maximum Fee</u>
First \$125,000 - \$500,000	2.00%
Next \$500,000	1.70%
Next \$1,000,000	1.40%
Next \$3,000,000	1.10%
Over \$5,000,000	1.00%

Service (Confirmation) Charge: \$8.95 (Option 2)

### Transaction Charges (Option 2 only)

In addition to the advisory fees noted above, the Asset Management Account will be assessed applicable transaction charges from the following schedule:

Equities: \$20, plus \$.01 per share

Options: \$20, plus \$1.00 per contract

Fixed Income: \$45

Listed Corporate Bonds: \$45

Load Mutual Funds: \$25

No-load Mutual Funds: \$25  
Exchanges: \$20 (Additional postage and handling fees may apply)  
Unit Investment Trust: \$35

Option 3: (Flat-Fee Plus) This fee arrangement will not include transaction charges (noted below), if applicable, for trades executed in Advisory Client's Asset Management Account.

Annual base fee of \$1,200 plus

<u>Portfolio Value</u>	<u>Fee</u>
Assets up to \$2,000,000	1.10%
Assets from \$2,000,000.01 - \$4,000,000	0.85%
Assets from \$4,000,000.01 - \$6,000,000	0.75%
Over \$6,000,000	0.50%

Service (Confirmation) Charge: \$8.95 (Option 3)

Transaction Charges (Options 2 and 3 only)

In addition to the advisory fees noted above, the AMA will be assessed applicable transaction charges from the following schedule:

Equities: \$20, plus \$.01 per share

Options: \$20, plus \$1.00 per contract

Fixed Income: \$45

Listed Corporate Bonds: \$45

Load Mutual Funds: \$25

No-load Mutual Funds: \$25

Exchanges: \$20 (additional postage and handling fees may apply)

Unit Investment Trust: \$35

The Advisory Client may make additions to the AMA at any time. If assets in excess of \$5,000 are deposited into the AMA after the inception of a quarter, the fee payable for that quarter with respect to such assets will be prorated based on the number of days remaining in the quarter. No fee adjustment will be made for partial withdrawals within a billing period or for the appreciation or depreciation in the value of the AMA during any quarter. For options 2 and 3, principal trades on bonds will not exceed \$2.50 per bond.

Minimum account size is \$100,000. Fees/Commissions are negotiable with each Advisory Client. SCM may accept accounts below dollar minimum at its discretion. Accounts less than \$100,000 that are accepted may be subject to standard minimum account fees. Service (Confirmation) Charge: \$8.95. There is an additional paper surcharge of \$1.45 for both statements and confirms which is sent to the Advisory Client for Options 1, 2 and 3. Advisory Clients may avoid this charge by receiving electronic statements and confirms. To enroll they can contact their IAR through [www.netxinvestor.com](http://www.netxinvestor.com).

## **2. Advisory Accounts**

**TD Ameritrade accounts:** this fee arrangement will not include transaction charges, if applicable, for trades executed in Advisory Client's Advisory Account. The Advisory Account will be assessed any applicable transaction charges as set forth. Fees are negotiable with each Advisory Client.

<u>Portfolio Value</u>	<u>Maximum Fee</u>
First \$100,000	2.00%
Next \$150,000	1.75%
Next \$250,000	1.50%
Next \$250,000	1.25%
Next \$250,000	1.00%
Over \$1,000,000	.75%



Trading Commissions-Equities (Market and Limit Orders):

Transaction type: Online - \$9.99 (Advisory Clients with a household value of \$500,000 or more, OR Advisory Clients who receive electronic statements and confirms)

Transaction type: Online- For stocks \$1 per share or over; \$16.99 per trade up to 1,000 shares; \$16.99+\$0.01 per share for each share above 1,000. For stocks less than \$1 per share: \$16.99. (Advisory Clients with a household value of less than \$500,000 AND who receive paper statements and confirms)

Offline-Broker assisted: \$0.01 per share with \$45.00 minimum

Trading Commissions- Mutual Funds: No-Transaction-Fee Funds (NTF): No Commission

Transactions Fee Funds: Online \$24.00. Advisory Clients with a household value of \$500,000 or more OR clients who receive electronic statements and confirm. Online \$31.00 Advisory Clients with a household value of less than \$500,000 AND who receive paper statements and confirms. Offline: Broker assisted \$45.

**Charles Schwab accounts:** this fee arrangement will not include transaction charges, if applicable, for trades executed in Advisory Client's Advisory Account. The Advisory Account will be assessed any applicable transaction charges as set forth. Fees are negotiable with each Advisory Client.

Stocks:

Electronic Trades: Household balance less than \$1 million and account without eDelivery: \$19.95 per trade up to 1,000 shares and \$0.015 per share for each share over 1,000, (half cent increments are rounded up). Household balance less than \$1 million and account with eDelivery: \$8.95

Broker assisted trades for stocks:

<u>Transaction Size</u>	<u>Basic Pricing</u>
\$0-\$2499	\$30 + 1.70% of principal
\$2,500-\$6,249	\$56 + 0.66% of principal
\$6,250-\$19,999	\$76 + 0.34% of principal
\$20,000-\$49,999	\$100 + 0.22% of principal
\$50,000-\$499,999	\$155 + 0.11% of principal
\$500,000 plus	\$255 + 0.09% of principal

Minimum: Greater of: \$39 or \$0.09 per share on first 1,000 shares plus \$0.04 per share for stocks priced \$1- \$4.99, \$0.05 per share for stocks priced \$5 or greater

Maximum: \$55 for the first 100 shares plus \$0.55 per share thereafter

Mutual Funds: No-Transaction-Fee (NTF) Funds: \$25

Transaction –Fee Funds, Basic Pricing (Transaction Fee) 0.7% of principal, Minimum \$39, Maximum \$74.95.

Mutual Fund short-term redemption fee: \$49.95. Some funds may also charge sales and/or redemption fees. Please read the prospectuses for details. You can buy shares directly from a fund company or its principal underwriter or distributor without paying Schwab's transaction or service charges (except Schwab Funds®).

All Electronic Trades are subject to an overriding minimum of \$31 and a maximum of \$49.95. Minimum transaction amounts apply for initial and subsequent purchases. Mutual fund interclass exchange transactions will be subject to a transaction fee if the transaction on either side (purchase or redemption) of the interclass exchange involves a transaction-fee fund; the fee will be calculated pursuant to the transaction-fee mutual fund pricing schedule set forth above. If the fund on either side (purchase or redemption) of the interclass exchange is a No-Transaction Fee fund, that side of the exchange will not be subject to a transaction fee but may be subject to a \$25 service charge if the interclass exchange transaction was placed through a broker.

Fixed Income Investments:

Treasuries at auction and secondary Treasuries, including Treasury Bonds, Treasury bills, Treasury notes, and TIPS. Electronic pricing \$0, Broker-Assisted Pricing \$25. Government agencies, including non-passthrough bonds from FNMA, FHLB, etc, \$.20 per bond (\$10 minimum/\$250 maximum) Broker assisted pricing \$.24 per bond (\$10 minimum/\$275 maximum). Other secondary fixed income trades, including CDs corporate bonds, municipal bonds, zero-coupon Treasury bonds, STRIPS and mortgage-backed securities, \$1 per bond (\$10 minimum/\$250 maximum). Broker-assisted \$1.20 per bond (\$10 minimum/ \$275 maximum).

### **3. Financial Planning**

The hourly rate is \$250 per hour or a flat fee of \$1,500. Fees are negotiable. Advisory Clients will be billed for services.

### **4. Third Party Advisory Services**

Under these agreements, SCM will act as solicitor whereby an Advisory Client is referred to a third party advisor who will provide advisory services. The fees and terms of the Advisory Client's relationship with the third party advisor and SCM will vary depending on which third party program is selected. The fees are billed directly from the Advisory Client's account, quarterly, and paid to SCM, and SCM will then pay the IAR.

Fees are deducted directly from the Advisory Client's account(s). Fees are deducted or billed quarterly in advance. It should be noted that all mutual funds and Exchange Traded Funds ("ETFs") used by SCM, including no-loads, have a management fee that is paid to the fund manager. As a result, SCM Advisory Clients will incur two layers of fees - the first, to SCM for investment advisory services, and the second to the fund manager.

The Advisory Client may receive a pro-rated refund for terminating the agreement before the end of the quarter by contacting their SCM IAR. The fee refund is as follows:

Portfolio value at the end of day x Fee % / 365 x Days remaining in quarter = Total fee amount

### **5. Private Fund**

The management fee will be equal to one and a quarter percent (1.25%) of all invested assets and investments of the private fund payable quarterly in advance and may be prorated. SCM will receive an origination fee equal to one half of one percent (0.5%) of each Advisory Client's purchase price for an interest (not to exceed \$1,000.00 per Advisory Client); The performance fee will be payable upon a liquidation, distribution or other financial event, as determined in the sole discretion of the manager, that results in a realization of gains and/or profits from each portfolio company and shall be equal to twenty percent (20%) of such gains or profits in excess of a twelve percent (12%) compounded annual return (one percent (1%) per month of investment) to the Advisory Client from each respective portfolio company. Billing will begin once the investment is made in the portfolio company.

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

SCM manages assets in performance-based accounts and charges performance-based fees to Advisory Clients in the Private Fund only.

Simultaneous management may create a conflict of interest when an IAR may be perceived to favor the Advisory Clients that charge performance-based fees when making allocations to the Advisory Client's accounts where the IAR is earning higher fees from the Advisory Clients. These arrangements may create an incentive for SCM to make investments that favor one strategy over another that could be more risky or more speculative. SCM may receive increased compensation with regard to investment gains on assets in an Advisory Client's account. Any performance fee or allocation received by SCM will be in compliance with the Investment Advisers Act of 1940, and Rule 205-3. In certain circumstances, the IAR may waive all or any part of the performance fee. SCM has adopted policies under which it will allocate securities consistent with its requirements as an investment advisor. SCM manages assets in performance-based accounts and charges performance-based fees to Advisory Clients. Performance-based fees are charged in managed portfolios and the private fund.

Full disclosure of the private fund investment strategies, the types of investments, and the risks are located within each private fund's subscription agreement.

SCM's disclosure is not intended to be a solicitation for, or advertisement of, performance-based accounts. Instead, such disclosures have been made to provide all SCM Advisory Clients with important information about the risks implicit in these types of activities as they relate to SCM Advisory Clients.

### **Item 7. Types of Clients and Account Minimums**

The types of Advisory Clients which SCM typically provides investment advice to are, individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations. The required minimum amount of assets that may be managed is \$100,000. At its discretion, SCM may accept accounts below this minimum.

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

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

SCM security analysis methods include Charting, Fundamental, Technical, and Cyclical analysis. (See definitions below.) The main sources of information used by SCM are financial newspapers and magazines, research materials, (prepared by others), corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission and press releases. The investment strategies used to implement any investment advice include, long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), margin transactions, option writing, including covered options, uncovered options, or spreading strategies. Portfolios are tailored to each Advisory Client. There are no specific strategies which clients can participate in.

#### **Charting Patterns:**

A price chart is a sequence of prices plotted over a specific time frame. Charts are used to analyze a wide array of securities and forecast future price movements. A graphical historical record makes it easy to spot the effect of key events on a security's price, its performance over a period of time and whether it's trading near its highs, near its lows, or in between. The period of time used may be intraday, daily, weekly, monthly, quarterly or annual data.

#### **Fundamental Analysis:**

The analysis of financial statements, such as balance sheets, income statements, the general financial health of companies, as well analysis of management and the firms competitive advantages.

#### **Technical Analysis:**

The use of historical prices of individual stocks and indexes in order to understand performance and timing for indications of purchases or sales of a particular security or index. The most common data used is price and volume.

#### **Cyclical Analysis:**

Recognizing repeating conditions of business cycles to find favorable conditions for buying and/or selling a security. Economic growth and economic recessions determine the direction of a securities price.

#### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future results. The investment strategies of SCM may be subject to the following risks:

*Economic Risk* – the risk that conditions in the overall economy affect the performance of a security

*Industry-specific Risk* – the risk that conditions in an industry as a whole will affect the value of a company in that industry, regardless of the company's specific actions

*Government Policy Risk* – the risk that actions of the government can affect a security's performance, whether or not the policy directly affects the company

*Material Cost Risk* – the risk that the cost and availability of key production materials will impact security prices

*Technology Risk* – the risk that evolution and development of technology can drastically change industries and affect security prices

*Competitive Risk* – the risk that competition in an industry can affect a security's performance, sometimes regardless of how the company itself is performing as a business relative to competitors

*Legal Risk* – the risk that existence of legal actions, patents, and court battles can impact a security's performance

*Management Risk* – the risk that company management can quickly impact a security's performance due to decisions by management that adversely affects the company's business.

*Global Risk* – the risk that larger, global-scale factors of politics, economics, finance, technology, business et al can impact the value of global securities.

*Currency Risk* – A form of risk that arises from the change in price of one currency against another. This risk can increase when a company and its securities are exposed to an increasing number of currencies.

Risk of loss for the private fund involves a high degree of risk and should be considered only by Advisory Clients who can bear the risk of the loss of their entire investment.

### **Item 9. Disciplinary Information**

Neither SCM nor its management have been subject to legal or disciplinary events that are material to an Advisory Client's or prospective Advisory Client's evaluation of SCM's advisory business.

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

#### **Other Financial Industry Activities**

SCM recommends other investment advisors to Advisory Clients. All compensation is received directly from other investment advisors and is disclosed to the client.

IARs of SCM may also be registered representatives of SSI and/or may also be registered representatives of Patrick Capital Markets, LLC ("PCM") and/or may be registered representatives or IARs of Pinnacle Equity Management, Inc. ("PEM"). As such, these representatives may effect securities transactions for their brokerage clients which may be received in addition as compensation with SSI. Associated persons may split fees with other associated persons of SCM. SCM IARs may receive a wholesaling fee from PCM if they are registered there.

#### **Affiliations**

SCM is affiliated with SSI, (CRD # 115547) & PCM, (CRD # 16518), both fully disclosed securities broker-dealers. SSI clears accounts through Pershing, LLC and SSI is registered as an Introducing Broker with the National Futures Association, ID# 0429849. In addition, SCM is affiliated with Saxony Insurance Agency, LLC, a fully disclosed limited liability company, registered with the Missouri Insurance Division. The following management persons are registered with SSI; Richard E. Griffard, President/CEO; Brian Clark, FINOP/CFO; and Mark Thompson, Compliance Officer. The following management persons are registered with PCM; Richard E. Griffard, Registered Representative (2 hours/week); Brian Clark, President/CEO/CFO; and Mark Thompson, Compliance Officer. The following management persons are registered with SCM; Richard E. Griffard, President; Brian Clark, Senior Vice-President; and Mark Thompson, Chief Compliance Officer. SCM is under common control with PEM, which is a FINRA registered broker-dealer (CRD# 102613). The following management persons are registered with PEM; Brian Clark, FINOP and Richard E. Griffard, CCO. Richard E. Griffard, Brian Clark and Mark Thompson education and business background can be found on the Supplemental ADV Part 2B form.

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

#### **Code of Ethics**

SCM has adopted a Code of Ethics pursuant to SEC Rule 204A-1.

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

Persons associated with SCM may on occasion buy securities which are recommended to their Advisory Clients. These securities are widely held and publicly traded. SCM requires all of its IARs to keep records of every securities transaction in which he/she has or acquires any direct or indirect beneficial ownership. For these purposes, IAR is defined as any partner, officer or director of the adviser and any employee who obtains information about securities recommendations, any control person or affiliated person of control person; and any affiliate of such affiliated person. The record indicates the name of the security, the amount of investment, the date and nature of the transaction, the price, and the name of the broker-dealer or bank through which the transaction was effected. The record of these transactions are recorded no later than 10 days after the end of the calendar quarter in which the transaction was effected. SCM maintains a policy such that persons associated with SCM may not trade to the disadvantage of the Advisory Client.

This Code establishes rules of conduct for all supervised persons of SCM and is designed to, among other things, govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that SCM and its employees have a fiduciary duty to SCM's Advisory Clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of Advisory Clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by SCM continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee and supervised person.

A copy of the Code of Ethics is available upon request.

## **Item 12. Brokerage Practices**

### **Selecting Brokerage Firms and Soft Dollars**

SCM does not select or recommend clients to broker dealers. SCM does not utilize soft-dollars and SCM does not permit an Advisory Client to direct brokerage.

### **Aggregate Orders/Block Trading**

SCM's policy is to block Advisory Client transactions where possible and advantageous to the Advisory Client. In these instances clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the event transactions for an advisor, its employees and/or principals are aggregated with client transactions, the advisor, employees and/or principals will not receive a better price than the client.

### **Trade errors**

If the error is the responsibility of SCM, any Advisory Client transaction will be corrected and SCM will be responsible for any Advisory Client loss resulting from an inaccurate or erroneous order. If the error by representative or employee results in a gain, the firm will keep the gain. If the result of a trade error made by an Advisory Client, then the gain will be kept by SCM, but the Compliance Officer and/or management may make an exception and allow the Advisory Client to keep the gain.

## **Item 13. Review of Accounts**

Financial plans are reviewed and approved (as needed) before submitted to the Advisory Client by Mark Thompson, Chief Compliance Officer. In addition, Mark Thompson reviews Advisory Client accounts with SCM at different times for various reasons:

- Daily - to ensure accurate trade execution, distributions (if applicable) and trade activity.
- Monthly/Quarterly - proper billing and registration.
- Annually - to ensure investment objectives are being met.
- Miscellaneous – per Advisory Client instruction, or with change in investment objectives.

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

### **Referrals to Other Investment Advisors**

In accordance with the SEC Regulation 275.206, the IAR receives a referral fee at a negotiated rate to registered broker/dealers, investment advisers or sales representatives in accordance with the terms of a written Solicitor Agreement and after execution of a written referral fee disclosure statement by each Advisory Client in respect of such persons. Applicant's referral agreement is in compliance with the federal regulations as set out in 17 CFR Section 275-206 (4)-3, and in each state where state law requires. Each Advisory Client is given a copy of the solicitor agreement prior to or at the time of entering into any advisory contract.

### **Other Compensation**

Associated persons of SCM may receive 12b-1 distribution fees in connection with placement of Advisory Client funds. SCM may receive additional compensation for referrals if the Advisory Client transacts business with certain advisers. In such cases, the Advisory Client shall be informed of any fees received, which may be in addition to any financial planning, consulting and investment advisory fee(s) paid by the Advisory Client.

The IAR may share or split fees with another IAR as long as they are properly registered and in the same location.

### **Item 15. Custody**

#### **Account Statements and Performance Reports Pershing LLC., Charles Schwab and TD Ameritrade and other custodians**

Advisory Clients with an SCM AMA with Pershing, LLC. will receive at least quarterly an account statement, monthly if there is any activity, confirms, and a quarterly performance report generated by Pershing, LLC. The performance reports are in addition to brokerage statements which are generated. Advisory Clients participating in Advisory Accounts with Charles Schwab, TD Ameritrade and other custodians will receive at least quarterly an account statement, monthly if there is any activity and confirms from them.

#### **Third Party Advisory Services**

Advisory Clients with Third Party Advisory Accounts will receive statements at least quarterly. If the investments are in variable annuities then statements will be sent quarterly.

### **Item 16. Investment Discretion**

The Advisory Client will grant IAR discretionary authority to purchase and or sell shares of selected no-load mutual funds and mutual funds offered at NAV. In addition, discretionary authority is granted by the Advisory Client to manage other securities, including, but not limited to stocks, bonds, options and eligible variable annuities. The Advisory Client must sign the SCM Client Agreement in order to give discretionary authority to the IAR.

### **Item 17. Voting Client Securities**

SCM does not have the authority to vote Advisory Client securities. Advisory Clients will receive their proxies or other solicitations directly from their custodian or transfer agent. Advisory Clients can contact SCM with questions about a particular solicitation. Pershing, LLC., Charles Schwab and TD Ameritrade send the Advisory Client their proxies or other solicitations. Advisory Clients may contact SCM with questions about a particular solicitation.

### **Item 18. Financial Information**

SCM does not require the prepayment of fees of \$500 or more, six months or more in advance. SCM does not have any financial issues that would impair its ability to provide services to Advisory Clients.