

**Part 2A of Form ADV: Firm Brochure**



**Helping Clients Achieve and  
Maintain Financial Independence™**

103 Carnegie Center, Suite 205  
Princeton, NJ 08540

Telephone: (609) 779-6700  
Facsimile: (609) 779-6701

E-mail: [rweyers@tswealth.com](mailto:rweyers@tswealth.com)  
Web Address: [www.tswealth.com](http://www.tswealth.com)

**March 2017**

**This brochure provides information about the qualifications and business practices of Traust Sollus Wealth Management, LLC (hereinafter "TS", "Firm", "we" or "us"). If you have any questions about the contents of this brochure, please contact us at (609) 779-6700 or [rweyers@tswealth.com](mailto:rweyers@tswealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.**

**Additional information about TS is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for TS is 108918.**

## **Item 2. Summary of Material Changes**

The following paragraphs summarize the material changes to the Firm's Form ADV Part II since it was last updated in March 2016:

Effective January 1, 2017, Brian M. Picariello, Executive Vice President, acquired five percent (5%) of the equity shares of Traust Sollus Wealth Management, LLC. Mr. Picariello purchased these shares from The Zdenek Family Irrevocable Trust, an entity that is controlled by Albert J. Zdenek, Jr., President and Chief Executive Officer of Traust Sollus Wealth Management, LLC. With this purchase, Mr. Picariello holds a ten percent (10%) ownership stake in the company.

Effective January 1, 2017, Richard W. Weyers, Executive Vice President, Chief Operating Officer and Chief Compliance Officer, acquired five percent (5%) of the equity shares of Traust Sollus Wealth Management, LLC. Mr. Weyers purchased these shares from The Zdenek Family Irrevocable Trust, an entity that is controlled by Albert J. Zdenek, Jr., President and Chief Executive Officer of Traust Sollus Wealth Management, LLC. With this purchase, Mr. Weyers holds a five percent (5%) ownership stake in the company.

**Item 3. Table of Contents**

<b>Item</b>	<b>Section</b>	<b>Page Number</b>
1.	Cover Page	1
2.	Material Changes	2
3.	Table of Contents	3
4.	Advisory Business	4
5.	Fees and Compensation	7
6.	Performance-Based Fees and Side-by-Side Management	9
7.	Types of Clients	9
8.	Methods of Analysis, Investment Strategies and Risk of Loss	9
9.	Disciplinary Information	10
10.	Other Financial Industry Activities and Affiliations	10
11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	11
12.	Brokerage Practices	12
13.	Review of Accounts	15
14.	Client Referrals and Other Compensation	15
15.	Custody	17
16.	Investment Discretion	17
17.	Voting Client Securities	17
18.	Financial Information	18

#### **Item 4.        Advisory Business**

Traust Sollus Wealth Management, LLC (the "Firm") is a fee-based investment adviser registered with the Securities and Exchange Commission (the "SEC") with its principal place of business located in Princeton, New Jersey. The Firm has been in business since 1982. Mr. Albert J. Zdenek, Jr. is the President, Chief Executive Officer and principal owner of the Firm by virtue of his being the trustee for the Firm's direct owner, the Zdenek Family Irrevocable Trust.

Discretionary assets under the Firm's management were \$326,533,228 and non-discretionary assets were \$17,839,313 as of December 31, 2016.

##### Investment Management Services

TS provides continuous advice to a client regarding the investment of the client's assets based on the individual needs of the client. Through personal discussions, in which goals and objectives based upon a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we help determine the client's individual objectives, time horizons, risk tolerance and liquidity needs. We may also review and discuss a client's prior investment history, family composition and background.

We will manage advisory accounts on a discretionary or non-discretionary basis, as agreed with each client. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will primarily include advice regarding no-load or load-waived mutual funds and exchange-traded funds (ETFs). Client portfolio holdings may also include exchange-listed and over-the-counter securities, exchange-traded notes, option contracts on securities, corporate debt securities, United States government securities, certificates of deposit, warrants, commercial paper and municipal securities.

In addition, we may recommend investments in private placement offerings and/or limited investment partnerships, such as hedge funds and other pooled investment partnerships. Additional information about the fees related to such investments is included in the offering documents provided to prospective investors. Because these types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

##### Use of Sub-Advisers and Third-Party Managers

We sub-advise certain portions of a client portfolio to independent third-party managers or recommend direct investment with independent third-party managers, typically when those managers demonstrate knowledge and expertise in a particular investment strategy.

As part of this service, we perform analysis on various unaffiliated money managers. Based on a client's individual circumstances and needs, we will determine which selected money manager's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance and the investment philosophy of the selected money manager. We encourage clients to review each third party manager's disclosure document regarding the particular characteristics of any program and managers selected by us.

We will regularly and continuously monitor the performance of the selected money managers. If we determine that a particular money manager is not providing sufficient management services to the client, or are not managing the client's portfolio in a manner consistent with the client's investment objectives, we will remove the client's assets from that selected money manager and place the client's assets with another money manager at our discretion and without prior consent from the client.

We will conduct appropriate due diligence on all independent third-party managers, making reasonable inquiries into their performance calculations, policies and procedures, code of ethics policies and other operational and compliance matters to account for performance and risk management.

#### Financial Planning / Consulting Services

To the extent we are requested to do so, TS provides its clients with financial planning and consultation services (including tax planning, tax preparation, insurance consulting and other non-investment related matters).

Financial planning includes a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals.
- Taxes and Cash Flow: Income tax and spending analysis and planning for past, current and future years. We illustrate the impact of various investments on a client's current income tax and future tax liability.
- Death and Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement: Analysis of current strategies and investment plans to help the client achieve his or

her retirement goals.

- Investments: Analysis of investment alternatives and their effect on a client's portfolio.

The initial review and annual update will focus first on a comprehensive review of a client's lifestyle management and can include the preparation of a balance sheet, cash flow and income statements. We will review financial management structures including bill paying and banking services. This process will also include assisting the client in the building of an advisory team that includes legal, risk management, accounting and document and records management. We will review the client's investment management arrangements, including the design and implementation of the client's investment policy statement and asset allocation strategies. We will also review the design and implementation of the client's wealth transfer goals to assure that the client considers various estate planning strategies and options, including succession planning issues for closely-held entities.

We gather the required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed and a written report is prepared. Financial planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

In performing its services, TS shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. If requested by the client, we shall recommend the services of other professionals for implementation purposes, including the services of TS's principals and/or associated persons, in their individual capacities as certified public accountants. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from TS.

Clients are encouraged to renew TS's financial planning services on an annual basis for the purpose of reviewing and updating our previous recommendations or services. Moreover, each client is advised that it remains the client's responsibility to promptly notify TS if there are any changes in the client's financial situation or investment objectives for the purpose of reviewing, evaluating and revising our previous recommendations or services offered.

Typically, the financial plan will be presented to the client within three months of the execution of the financial planning agreement, provided that all information needed to prepare the financial plan has been promptly provided by the client.

If requested by the client, we may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance and other matters. Neither TS, nor any of its representatives, serves as an attorney and no portion of our services should be construed as such. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including representatives of TS in their separate licensed capacities as certified public accountants as

discussed in Item 10 of this Brochure. In addition, TS is a licensed insurance producer and may recommend one of a limited number of insurance experts to implement an insurance recommendation. TS generally will receive compensation from either an insurance carrier or a recommended insurance expert if an insurance product recommended to a client is purchased by a client through an insurance expert recommended by us. The client is under no obligation to engage the services of any such recommended insurance expert. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from TS.

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

### Investment Management Services

For investment management services, an annual investment management fee will be charged quarterly based upon a percentage of the market value of the assets we manage. The investment management fee charged shall vary depending upon the market value of assets under management as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Assets up to \$10 million	1.00%
Assets above \$10 million	Negotiable

A client's annual investment management fee shall be prorated and charged quarterly in advance. The investment management fee for assets managed in non-alternative investment strategies are based upon the market value of those assets on February 28 (for the quarter beginning April 1), May 31 (for the quarter beginning July 1), August 31 (for the quarter beginning October 1), and November 30 (for the quarter beginning January 1). For assets allocated to alternative investment strategies in limited partnerships (LPs) or limited liability companies (LLCs), the investment management fee will be based upon the market value of those assets on January 31 (for the quarter beginning April 1), April 30 (for the quarter beginning July 1), July 31 (for the quarter beginning October 1), and October 31 (for the quarter beginning January 1). No increase in the annual fee shall be effective without prior written notification to the client. We generally require a minimum of \$2 million of investable assets to qualify for our investment management services.

In addition to the annual investment management fee described above, some clients may be charged a negotiable performance-based fee. Performance-based fees are based upon the performance of a client's portfolio relative to a specified benchmark. Performance-based fees are specifically authorized by the investment management agreement between a client and TS.

### Financial Planning / Consulting Services

TS will charge a fee (either a fixed fee and/or hourly fee) for financial planning and consulting services. The Firm's financial planning fees are negotiable, but generally range from \$10,000 to \$20,000 on a fixed fee basis and from \$325 to \$785 on an hourly basis, depending upon the level and scope of the services required and the professional rendering services. Fixed fees for financial

planning and consulting services are charged quarterly in advance and hourly fees are generally charged in the month after they are incurred. In the event a client terminates TS's financial planning and/or consultation services, the balance of the fee shall be pro-rated through the date of termination and unearned fees, if any, shall be refunded to the client.

Negotiability of Advisory Fees and Minimum Requirements: Fees and account minimums for all services are negotiable based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, value of assets to be managed, related accounts, account composition, negotiations with the client, competitive considerations, etc.). Discounts, not generally available to our advisory clients, may be offered to family members and friends. We may group certain related client accounts for the purposes of determining the account size and/or annualized fee. Certain legacy client agreements may be governed by fee schedules different from those listed above.

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

Mutual Fund and ETF Fees and Expenses: All fees paid to our Firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee. A client could invest in a mutual fund or ETF directly without the services of our Firm. In that case, the client would not receive the services provided by us which are designed, among other things, to assist the client in determining which mutual funds or ETFs are most appropriate for the client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and ETFs and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Advisory Fees in General: Clients have the option of paying advisory fees by check or through the direct debit of fees from a brokerage account under the Firm's investment advisory management. Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar, higher or lower fees.

Brokerage and Custodial Fees: In addition to advisory fees paid to our Firm, clients are responsible for all transaction, brokerage and custodial fees incurred as part of their account management. Item 12 of this Brochure describes important disclosures regarding our brokerage practices.

Third-Party Money Manager Fees: Our fee is in addition to the fees charged by selected third-party investment advisers for the portion of the client's account under each adviser's direct management. Clients should refer to the selected registered investment adviser's disclosure document (Part II of the Form ADV or other disclosure document in lieu of Part II) for information regarding the advisory fees charged.



Other Compensation: In addition to the financial planning, investment management and tax planning and preparation fees described above, TS may recommend insurance products and receive insurance commissions if a client purchases an insurance product through an insurance expert recommended by TS. This creates a conflict of interest and may offer TS an incentive to recommend insurance products that produce insurance commissions for the Firm. When any such recommendations are made, TS will disclose this conflict to the client prior to the client purchasing an insurance product recommended by TS. Moreover, clients always have the option of purchasing insurance products recommended by TS through any other insurance agent or broker, including those not recommended by TS.

Our primary focus remains providing financial planning, investment advisory and tax planning and preparation services. Insurance commissions are a marginal part (less than 7%) of the Firm's revenues. Insurance commissions are included in the policy premiums charged by insurance carriers and are remitted to TS by its recommended insurance experts or directly by the insurance carriers.

Any insurance commissions are in addition to advisory fees charged for investment management services. TS will not reduce advisory fees for clients who purchase insurance products through the Firm's recommended insurance experts.

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

We may charge performance-based fees to investment advisory clients by mutual agreement between the client and TS. Performance-based fees are investment management fees based the performance of a client's account relative to the performance of a specific investment benchmark. The amount of the performance-based fee we charge is described in the Fees and Compensation section of this Brochure.

We manage accounts that are charged performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees (i.e., "side-by-side management"). Performance-based fees and side-by-side management may create a conflict of interest, described in the following paragraph.

Performance-based fees may create an incentive for TS to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, a Senior Advisor of TS periodically reviews client accounts to ensure the asset allocation and the investments are suitable and that the account is managed according to the client's investment objectives and risk tolerance.

#### **Item 7. Types of Clients**

Our Firm generally provides advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. We also provide

investment advice regarding private investment funds.

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

Our Firm employs the following types of analysis to formulate client recommendations:

Fundamental Analysis: Fundamental analysis of a business involves analyzing its income statement, financial statements, quality of management, competitive advantages, competitors and market conditions. Fundamental analysis school of thought maintains that markets may misprice a security in the short run but that the "correct" price will eventually be realized in the long run. Profits can be made by trading the mispriced security and then waiting for the market to recognize its "mistake" and re-price the security. However, 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 security. Therefore, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

Mutual fund and/or ETF analysis: We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to successfully invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other funds in the client's portfolio. We monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable for the client's portfolio.

Third-Party Manager Analysis: We examine the experience, expertise, investment philosophies and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due diligence process, we survey the manager's compliance and business enterprise risks. To maximize our investment manager due diligence efforts, the Firm has an ongoing investment services agreement with Fortigent, LLC for investment manager evaluation, allocation and reporting services.

A risk of investing with a third-party manager who has been successful in the past is that the manager may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, it is possible for us to miss the absence of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

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

The Firm has no reportable disciplinary events to disclose.

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

In 2014, TS formed Traust Sollus Certified Public Accountants, LLC. ("TSCPA"). TSCPA is a limited liability company wholly-owned by Albert J. Zdenek, Jr. and Traust Sollus Wealth Management, LLC. Barry Newman, CPA is the Principal of TSCPA.

TS's principals, Albert J. Zdenek, Jr., CPA/PFS, Brian Picariello, CPA/PFS, CFA and its associated persons, Bryan Bielawski, CPA, CFA, Nicole Devletian, CPA and Susan Portnoi, CPA/PFS, are certified public accountants. In their capacity as the principals and associated person of TS, Mr. Zdenek, Mr. Picariello, Mr. Bielawski, Ms. Devletian and Mrs. Portnoi provide tax planning and limited accounting-related services to certain TS clients.

Tax planning and preparation services previously provided by Mr. Zdenek, Mr. Picariello, Mr. Bielawski, Ms. Devletian and Mrs. Portnoi have been transferred and are provided by Mr. Newman and the staff of TSCPA.

These non-advisory activities present a potential conflict of interest that may impair the objectivity of TS when making advisory recommendations to the extent that TS, its principals and its associated person may receive additional compensation as a result of recommending these additional accounting services to clients. No client is under any obligation to engage TS's principals and associated person in their individual capacities as certified public accountants.

Potential conflicts of interest also arise to the extent that these non-advisory activities may require a significant time commitment, thus limiting the amount of time dedicated to the management of advisory client accounts.

We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address these conflicts:

1. We disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and its employees to earn compensation from advisory clients in addition to our advisory fees;
2. We disclose to clients that they are not obligated to purchase these additional non-advisory services from our employees;
3. We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
4. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
5. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

TS has implemented an investment policy relative to personal securities transactions. This investment policy is part of TS's Code of Ethics which serves to establish a standard of business conduct for all of our associated persons that is based upon fundamental principles of openness, integrity, honesty and trust. Our Code of Ethics sets forth high ethical standards of business conduct that we require of our associated persons, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial, monthly and annual securities holdings reports that must be submitted by the Firm's access persons. Our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code of Ethics provides for oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request to the Chief Compliance Officer at the Firm's principal office address.

Our Firm or individuals associated with our Firm may buy or sell securities identical to those recommended to or purchased for customers for their personal accounts. In addition, any related persons may have an interest or position in a certain security which may also be recommended to a client. This practice results in a potential conflict of interest, as we may have an incentive to manipulate the timing of such purchases to obtain a better price or more favorable allocation in rare cases of limited availability. We may aggregate our employee trades with trades placed for our clients. In the event an aggregated trade order is only partially completed, we will allocate the executed shares of the trade on a pro-rata basis, with an average execution price applied to all traded shares.

To mitigate these potential conflicts of interest and ensure the fulfillment of our fiduciary responsibilities, we have established the following restrictions:

1. No principal or employee of our Firm may buy or sell securities for their personal accounts where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public upon reasonable inquiry. No principal or employee of our Firm may prefer his or her own interest over the interest of any client.
2. No principal or employee may purchase or sell any security prior to a transaction being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.
3. A client may decline to implement any advice rendered, except in situations where our Firm is granted discretionary authority.
4. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
5. Any individual not in observance of the above may be subject to disciplinary action or termination.

In accordance with Section 204(A) of the Investment Advisers Act of 1940, we also maintain and enforce written policies reasonably designed to prevent the misuse of material non-public information by TS or any person associated with TS.

#### **Item 12. Brokerage Practices**

We endeavor to select those brokers-dealers which will provide the best services with competitive fees and commission rates. If requested, TS will arrange for the execution of securities transactions through broker-dealers that we reasonably believe will provide "best execution." In seeking best execution, the determining factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services including execution capability, commission rates and responsiveness. Accordingly, although we will seek competitive commission rates, we may not necessarily obtain the lowest possible commission rates for account transactions.

We do not have any formal soft dollar arrangements and do not contract with any broker-dealer to receive soft dollar benefits. This means we do not receive research or gain access to industry analysts or conferences in return for paying higher commissions for client trades to a particular broker-dealer.

TS participates in the institutional advisor program offered by TD Ameritrade Institutional (the "Program"). TD Ameritrade Institutional is a division of TD Ameritrade Inc., a member of FINRA/SIPC/NFA, a SEC-registered broker-dealer that is unaffiliated with TS. TD Ameritrade offers independent investment advisors services that include custody of securities, trade execution,

clearance and settlement of transactions. TS receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14 below.)

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer, TS may receive from TD Ameritrade or a mutual fund company, without cost (and/or at a discount) support services and/or products which assist TS to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by TS are investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or complimentary consulting services, discounted and/or complimentary attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by TS in furtherance of its investment advisory business. Certain of the support services and/or products that may be received may assist TS in managing and administering client accounts. Others do not directly provide such assistance, but rather assist TS in managing and further developing its business.

TS's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade as a result of these arrangements. There is no corresponding commitment made by TS to TD Ameritrade or any other any entity to direct any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

With reference to the TD Ameritrade program, there is no direct link between TS's participation in the Program and the investment advice it gives to its clients, although TS receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client confirmations, research-related products and tools, consulting services, access to a trading desk serving adviser participants, 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 deducted directly from client accounts, 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 TS by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by TS's related persons and may pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for TS's personnel to attend conferences or meetings relating to the Program or to TD Ameritrade's advisor custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the Program may benefit TS but may not benefit its clients. These products or services may assist TS in managing and administering client accounts, including accounts not maintained by TD Ameritrade. Other services made available by TD Ameritrade are intended to help TS manage and further develop its business enterprise. The benefits received by TS, or its related persons, do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients

should be aware, however, that the receipt of economic benefits by TS or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the TS's recommendation of TD Ameritrade for custody and brokerage services.

TS receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to other independent investment advisors. Specifically, the Additional Services include client relationship management software provided by Junxure and private cloud information technology services provided by IVDesk Holdings, Inc. TD Ameritrade provides the Additional Services in its sole discretion and at its own expense; TS does not pay any fees to TD Ameritrade for the Additional Services. TS and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Our receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to TS, TD Ameritrade likely considers the amount and profitability of the assets in, and trades placed for, TS's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services, TS may have an incentive to recommend to its clients the custody and trades execution services provided by TD Ameritrade. TS's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

### Directed Brokerage

A client may direct TS to use a particular broker-dealer (subject to TS's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such an event, the client will negotiate terms and arrangements for the account with that broker-dealer and TS will not seek better execution services or prices from other broker-dealers or be able to aggregate the client's transactions for execution through other broker-dealers with orders for other accounts managed by TS. As a result, the client may pay higher commissions or other transaction costs or receive less favorable net prices.

### Trade Aggregation

We may (but are not obligated to) aggregate client trade orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Aggregated transactions will receive an averaged price and will be allocated among client accounts in proportion to the purchase and sale orders placed for each client account.

Any exceptions to the pro-rata allocation procedure will be explained and documented. Exceptions may occur due to varying cash availability across accounts, divergent investment objectives, existing concentrations of specific securities, tax considerations, investment restrictions, performance relative to the applicable benchmark, performance relative to other accounts in the same strategy or a direction to avoid "odd lots" (an amount of a security that is less than the normal unit of trading for that particular security).

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

Reviews: For those clients to whom TS provides investment management services, account reviews are conducted on an ongoing basis by the Firm's principals and/or associated persons. All investment management and financial planning clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation. All clients are encouraged to review financial planning issues, investment objectives and account performance with us on an annual basis.

Reports: Clients are provided with transaction confirmation notices and summary account statements directly from the custodian of their brokerage accounts. Those clients to whom TS provides investment advisory services will also receive a quarterly report from TS summarizing account activity and performance.

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

If a client is introduced to our Firm by either an unaffiliated or an affiliated solicitor, we may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940 and any corresponding state securities law requirements. Any such referral fee



shall be paid solely from TS's investment management fee and shall not result in any additional charge to the client.

If the client is introduced to TS by an unaffiliated solicitor, the solicitor shall provide the client with a copy of TS's Form ADV Part II and a copy of the Solicitor Disclosure Document that contains the terms and conditions of the solicitation arrangement, including compensation. Any affiliated solicitor of TS shall disclose the nature of his/her relationship with TS to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of TS's Part II A of the Form ADV at the time of the solicitation.

Payment of referral fees for client referrals creates a potential conflict of interest to the extent that such a referral is not unbiased and the solicitor is, at least partially, motivated by financial gain. Therefore, such a referral may be made even if our advisory services are not suitable to a particular client's needs or entering into an advisory relationship with us is not in the overall best interests of the prospective client. Because of this potential conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

1. All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements;
2. Any such referral fee will be paid solely from our investment management fee and will not result in any additional charge to the client;
3. If the client is introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, will disclose the nature of the solicitor relationship and provide each prospective client with a copy of our Part II A Form ADV and a copy of the Solicitor Disclosure Document disclosing the terms of the solicitation arrangement between our Firm and the solicitor, including the compensation to be received by the solicitor from us; and
4. All referred clients will be carefully screened to ensure that our fees, services and investment strategies are suitable to their investment needs and objectives.

As disclosed under Item 12. above, TS participates in TD Ameritrade's institutional customer program and TS may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between TS's participation in the Program and the investment advice it gives to its clients, although TS receives economic benefits through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations, research-related products and tools, consulting services, access to a trading desk serving clients of TS, 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 deducted directly from client accounts; 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; discounts on compliance, marketing, research,

technology and practice management products or services provided to TS by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by TS's related persons. Some of the products and services made available by TD Ameritrade through the Program may benefit TS but may not benefit its client accounts. These products or services may assist TS in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help TS manage and further develop its business. The benefits received by TS or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, TS endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by TS or its related persons creates a potential conflict of interest and may indirectly influence TS's choice of TD Ameritrade for custody and brokerage services.

#### **Item 15. Custody**

Custody is defined as any legal or actual ability for the Firm to access client funds or securities. Since all client funds and securities are held by a qualified custodian, our Firm does not have physical possession of client assets.

Clients have the option of paying advisory fees by check or through the direct debit of fees from a brokerage account under the Firm's management. The account custodian does not verify the accuracy of the advisory fee calculation. TS strongly recommends that clients compare the fees shown on their invoice to the amount of fees withdrawn from their custodian's account statements.

We recommend that all of our investment management clients carefully review and compare their quarterly reviews of account holdings and/or performance results received from us to those they receive from their custodian. Any discrepancies between the reports should be brought to our attention soon as possible.

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

For clients granting us discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for their account(s), we request that such authority be granted in writing in the executed advisory agreement.

Should a client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this executed advisory agreement. Clients may change or amend these limitations as desired. Such amendments must be submitted by the client to us in writing.

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

We do not vote proxies on behalf of clients (except for accounts that are actively managed by sub-advisers engaged by TS, the proxies pertaining to which accounts may be voted by the sub-advisers). Although our Firm may provide investment advisory services relative to client investment assets,

clients maintain exclusive responsibility for (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for accounts that are actively managed by sub-advisers engaged by TS), clients are responsible for instructing each custodian of the assets to forward to the client all proxies and shareholder communications relating to the client's investment assets.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's accounts, including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

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

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority over certain client accounts, we are also required to disclose any financial condition that may reasonably and likely impair our ability to meet our contractual obligations. TS has no additional financial circumstances to report.

TS has never been the subject of a bankruptcy petition.