



PINNACLE

Wealth Management

Pinnacle Wealth Management

A Registered Investment Advisor

2696 South Colorado Boulevard, Suite 430

Denver, Colorado 80222

(303) 806-0988

1-800-682-0819

Fax (303) 806-0982

www.pinnaclewm.com

This brochure provides information about the qualifications and business practices of Pinnacle Wealth Management. If you have any questions about the contents of this brochure, please contact us at: 303-806-0988, or by email at: tom@pinnaclewm.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.

Additional information about Pinnacle Wealth Management also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Pinnacle Wealth Management is 112969.

Pinnacle Wealth Management is a Registered Investment Adviser with the U.S. Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training.

Part 2A of Form ADV

June 19, 2017

ITEM 2 - MATERIAL CHANGES

Summary of Material Changes

Our last annual update was dated March 22, 2017. The following material changes have been made since our last filing:

- Our firm is registered with the SEC and noticed filed in the appropriate states.
- Optimum Market Portfolio Program (OMP) is no longer offered.

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 303-806-0988 or by email at tom@pinnaclewm.com.

We encourage you to read this document in its entirety.

ITEM 2 - TABLE OF CONTENTS

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

ITEM 4 - ADVISORY BUSINESS

This Disclosure document is being offered to you by Pinnacle Wealth Management in connection with the investment advisory services we provide. It discloses information about the services we provide and the manner in which those services are made available to you, the client.

We are a fee-based investment management firm located in Denver, Colorado, specializing in investment advisory services for investors and personalized confidential financial planning to individuals, families, pension and profit sharing plans, trusts, estates, charitable organizations, and small businesses. The firm was established by Thomas C. Stefaniak, the firm's principal owner, in October, 1998.

We are committed to helping clients build, manage, and preserve your wealth and to providing assistance to clients to help achieve their stated financial goals. We may offer an initial complimentary meeting; however, investment advisory services are initiated only after you and Pinnacle Wealth Management execute an engagement letter or client agreement.

Investment Management and Supervision Services

We offer discretionary and non-discretionary investment management and investment supervisory services for a fee based on a percentage of your assets under management. These services include investment analysis, allocation of investments, quarterly portfolio statements and ongoing monitoring services for the portfolio.

Pinnacle Wealth Management determines your portfolio composition based on your needs, portfolio restrictions, if any, financial goals and risk tolerances. We will work with you to obtain necessary information regarding your financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. This enables us to determine the portfolio best suited for your investment objective and needs. For a detailed description of our basic investment portfolios, please refer to Item 8 of this document. We do individualize each portfolio to some extent.

In performing our services, we are not required to verify any information received from you or from other professionals. If you request, we will recommend and/or engage the services of other professionals for implementation purposes. You are under no obligation to engage the services of any such recommended professional.

Once we have determined the types of investments to be included in your portfolio, and allocated them, we will provide ongoing portfolio review and management services. This approach requires us to review our portfolios on a frequent basis.

We will rebalance the portfolio, as we deem appropriate, to meet your financial objectives. We will trade these portfolios and rebalance them on a discretionary basis. While our advisory services are tailored to you as an individual, when using mutual funds or Exchange Traded Funds ("ETF") this multi-fund manager approach makes it difficult for us to ensure that your portfolio will not invest in a particular industry or security. However, we are happy to discuss your preferences regarding socially conscious investment concerns and, we'll try as much as possible, to accommodate them.

In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities. We do not and will not have custody of your funds or securities. We have limited authority to direct the Custodian to deduct investment advisory fees, but only with the appropriate authorization from you.

As a part of our Wealth Management, you will receive a Wealth Plan. Your Wealth Plan will include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of your life, disability and long term care insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Our specific services in preparing your plan will include:

- Determining appropriate income planning strategies for both pre- and post-retirement timeframes;
- Reviewing existing and proposed investment asset mixes to help you meet your overall financial objectives. This would include reviewing risk/return issues and a suggested plan of action consistent with your risk tolerance and overall financial objectives.
- Calculating your pre-retirement savings and investing needs;
- Assessing your overall financial position including net worth, cash flow, and debt;
- Providing a comprehensive analysis of IRA-related issues including rollover, distribution, and inheritance planning options;
- Evaluating strategies designed to maximize the utilization and protection of your IRA assets;
- Estimating your federal estate taxes and suggesting a plan of action to help meet estate planning objectives.
- Reviewing and determining your life, disability and long term care insurance needs; and,
- Providing suggestions for minimizing your federal and state income tax obligations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

A written evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (i.e. lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be in a face to face meeting or by telephone, is free of charge and is considered an exploratory interview to determine the extent of your Wealth Plan.

LPL Financial Sponsored Advisory Program

We may provide advisory services to certain programs sponsored by LPL Financial Corporation (LPL), a registered investment advisor and broker/dealer. Below is a brief description of the LPL advisory program available to us. For more information regarding the LPL programs, including more information on the advisory services, the fees that apply, the types of investments available in the program, and potential conflicts of interest of the programs, please see the LPL Financial Form ADV Part 2A.

Retirement Plan Advisory Services

Retirement Plan Advisory Services consists of assisting employer plan sponsors establish, monitor and review their company's retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment selection and monitoring, plan structure, and participant education.

We will establish your plan's needs and objectives through an initial meeting to collect data, review plan information, and assist you in developing or updating the plan's provisions. Ongoing services to you may include recommendations regarding the selection and review of unaffiliated mutual funds that, in our judgment, are suitable for plan assets for you to be invested. We periodically review the investment options you select and make recommendations to keep or replace plan investment options as appropriate. We perform a comprehensive review of potential service providers or vendors and will assist you with converting from your incumbent service provider to a new service provider selected by you. You are under no obligation to follow the recommendations we make.

Services available under an Investment Advisory Agreement permit us to provide financial education to your plan participants. The scope of education provided to participants at your request will not constitute "investment advice" within the meaning of ERISA and participant education will relate to general principles for investing and information about the investment options currently in the plan. We may also participate in initial enrollment meetings and periodic workshops and enrollment meetings for new participants as we agree upon.

All Retirement Plan Advisory Services shall be in compliance with any applicable Federal and State law(s) regulating the services provided by our Agreement. This section applies to an Account that is a pension or other employee benefit plan (a "Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If your Account is part of a Plan and we accept appointments to provide our services to your Account, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA. You represent that (i) Our appointment and services are consistent with the Plan documents, (ii) You have furnished us true and complete copies of all documents establishing and governing the Plan and evidencing your authority to retain our firm. You further represent that you will promptly furnish us with any amendments to the Plan, and you agree that, if any amendment affects our rights or obligations, such amendment will be binding on us only with our prior written consent. If your Account contains only a part of the assets of the Plan, you understand that we will have no responsibilities for the diversification of the Plan's investments, and we have no duty, responsibility or liability for the assets that are not in the account. If ERISA or other applicable law requires bonding with respect to the assets in your account, you will obtain and maintain at your expense bonding that satisfies this requirement and covers Pinnacle and any of our affiliates.

Consulting Services

We also provide clients investment advice on a more limited basis on one or more isolated areas of concern such as estate planning, real estate, retirement planning, 401k plan and employer sponsored retirement plans or any other similar specific topic. Additionally, the Firm may provide advice on non-securities matters in connection with the rendering of estate planning, insurance, real estate, maximizing social security benefits and/or annuity advice.

Wrap Fee Programs

Our services include a wrap fee program for portfolio management. There is no difference between how we manage wrap fee accounts and how we manage other accounts. We will receive a portion of the wrap fee for our services.

Assets

As of June 19, 2017, we managed \$100,005,085. Of our total AUM we managed \$99,222,016 in client assets on a discretionary basis and \$783,069 in client assets on a non-discretionary basis.

ITEM 5 - FEES AND COMPENSATION

Investment Management Fees and Compensation

Pinnacle Wealth Management charges a fee as compensation for providing Investment Management services to your account. These services include advisory and consulting services, trade entry, investment supervision, and other account maintenance activities. The custodian may charge custodial fees, transaction costs, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below.

The fees for accounts are based on an annual percentage of your assets that we manage. The fees are applied to the account asset value on a pro-rated basis, billed quarterly in advance. The initial fee will be based upon the market value of the account on the date the account is accepted for management by execution of the investment advisory contract by the Firm and the assets are transferred, and then prorated for the number of days in the calendar quarter that your account is under management. Fees are deducted from the custodial accounts. Although not our normal practice, we do accommodate direct billing for a few clients.

Thereafter, the fee will be based on the market value of the account on the last day of the previous calendar quarter and will cover the period from the first day of the calendar quarter through the last day of the calendar quarter. The market value will be determined as reported by the Custodian. Fees are assessed on all assets under management, including securities, cash and money market balances. Margin debit balances do not reduce the value of assets under management.

Additional deposits and withdrawals will be added or subtracted from portfolio assets on a prorated basis to adjust the Account Fee.

Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. Fees will generally follow the schedule of assets under management outlined below. In certain circumstances at our discretion, we may allow you to negotiate fees.

<u>Market Value of the Advisory Assets</u>	<u>Maximum Annual Advisory Fees%</u>
\$5,000,001 and above	1.00%
\$2,000,001 to \$5,000,000	1.10%
\$1,000,001 to \$2,000,000	1.25%
\$750,001 to \$1,000,000	1.35%
\$500,001 to \$750,000	1.45%
Under \$500,000	1.50%

At our discretion, we may add (aggregate) asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. We may do this, for example, where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause your account(s) to be assessed a reduced advisory fee based on the asset levels available in our fee schedule.

Either Pinnacle Wealth Management or you may terminate the management agreement by telephone and confirmed in writing within thirty (30) days to the other party. The management fee will be pro-rated to the date of termination, for the quarter in which the cancellation notice was given, and any unearned fees will be refunded to you. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets.

Past Due Accounts and Termination of Agreement

Pinnacle Wealth Management reserves the right to stop work on any account that is more than 30 days overdue. In addition, Pinnacle Wealth Management reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Pinnacle Wealth Management's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded.

Consulting

Pinnacle Wealth Management provides hourly planning services for clients who need advice on a limited scope of work. Pinnacle Wealth Management will negotiate consulting fees with you. Fees may vary based on the extent and complexity of the consulting project. The hourly rate for limited scope engagements is \$200. You will be billed monthly as services are rendered.

Either party may terminate the agreement. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you as described above.

You should be aware that lower fees for comparable services may be available from other sources.

Additional Fees and Expenses

Pinnacle Wealth Management may provide advice regarding investment company securities (mutual funds and ETFs). You should be aware that, in addition to the advisory fees you pay Pinnacle Wealth Management each Investment Company also pays its own separate investment

advisory fees and other expenses (internal management fees). Such fees and expenses are disclosed in the mutual fund's and ETF's prospectus. In addition, clients should be aware that mutual funds and ETFs may be purchased separately independent of the investment management services of Pinnacle Wealth Management.

Advisory fees payable to us do not include the fees you may pay when we purchase or sell securities for your Account(s). The following list of fees or expenses are what you may pay directly to third parties, whether a security is being purchased, sold or held in your Account(s) under our management.

- Ticket charges;
- Exchange fees;
- SEC fees;
- SIPC fees;
- Advisory fees and administrative fees (internal management fees) charged by Mutual Funds (MF), and/or Exchange Traded Funds (ETFs)
- Advisory fees charged by sub-advisers (if any are used for your account)
- Custodial Fees;
- Odd-Lot differentials;
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Fees on Mutual fund assets deposited in the account that may have been subject to deferred sales charges and 12 (b)(1) fees and other mutual fund annual expenses as described in the fund's prospectus.

Please refer to the "Brokerage Practices" for discussion of Pinnacle Wealth Management's brokerage practices.

ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed above in Fees and Compensation.

ITEM 7 - TYPES OF CLIENTS

We provide investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and small businesses. There is no minimum account size.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The method of analysis we utilize may include charting, fundamental analysis, technical analysis, and cyclical analysis. We gather our information for investment purposes from financial newspapers, magazines, research prepared by others, corporate rating services, company press releases, annual reports, prospectuses and filings with the Securities and Exchange Commission.

Other sources of information that Pinnacle Wealth Management may use include Morningstar Principia mutual fund information, Standard & Poor's stock research, LPL Financial research, and the World Wide Web.

Pinnacle Wealth Management uses industry standard techniques to manage our portfolios. Pinnacle Wealth Management uses Fundamental Analysis, Asset Allocation, Modern Portfolio Theory and Technical Analysis. We also use the following types of tactics: long-term buys, short-term buys, tactical asset allocation and stop loss orders.

Pinnacle Wealth Management uses 5 basic investment models based upon the client's risk tolerance. Within all of these models stocks, bonds, mutual funds and money markets are the primary investment vehicles. Those models are as follows:

Income with Capital Preservation – This is considered generally the most conservative investment objective. Emphasis is placed on generation of current income with minimal risk of capital loss. Lowering the risk generally means lowering the potential income and overall return.

Income with Moderate Growth – Emphasis is placed on generation of current income with a secondary focus on moderate capital growth.

Growth with Income – Emphasis is placed on modest capital growth with some focus on generation of current income.

Growth – Emphasis is placed on achieving high long-term growth and capital appreciation, with very little focus on generation of current income.

Aggressive Growth – Emphasis is placed on aggressive growth and maximum capital appreciation. No focus on generation of current income. This objective has a very high level of risk and is for investors with a longer time horizon.

Surge and Protect Strategy

At Pinnacle Wealth Management our clients have the option to use our Surge and Protect Strategy for managing their investment portfolio. Together with our clients, we decide on a risk tolerance for each of their advisory accounts. The Surge and Protect Strategy is for clients with irreplaceable capital who are seeking capital preservation over appreciation. The objective is to secure gains in advancing markets and to protect capital in sideways markets and negative markets. The tactical nature of Surge and Protect allows PWM to incorporate a wide range of styles and strategies with a focus on low-volatility and total return over market cycles, both short-term and long-term.

Pinnacle Wealth Management uses its discretion to purchase a combination of stocks, bonds, mutual funds and exchange traded funds (ETFs) and other investments to build a portfolio. As the stock market moves up, our client's equity investments can "Surge" up with it. But we do offer some downside protection.

When an ETF is initially purchased in the account, the stop loss order is placed at 10% below the purchase price (15% for small cap and international stock ETF holdings). At Pinnacle Wealth Management's discretion, Pinnacle Wealth Management will review the price of each of the ETF holdings and determine if we should raise the floor (raise the stop loss order). If the ETF value drops below that floor, the stop loss order kicks in to protect some of the downside and a sell order is placed on the ETF. We place the proceeds from the ETF into the FDIC insured cash account for a length of time at the discretion of Pinnacle Wealth Management. Pinnacle Wealth Management would then use a proprietary model to assess when to buy back into the market. Again, the main focus of this strategy will be to "protect" capital over capital appreciation.

Diversified Strategy

For some of our clients that like the buy and hold strategy, we build a portfolio of stocks, bonds, mutual funds, ETFs and money markets as the primary investment vehicles. We would still use one of our five basic investment models for these accounts. The Diversified Strategy objective is to achieve a long-term risk-adjusted growth of principal in a buy and hold setting. Some holdings in Diversified Strategy may also be found in the Surge and Protect Strategy.

Dividend Income Strategy

For our clients that need income as the primary goals, we can create a portfolio that emphasizes income as a primary goal. This Dividend Income Strategy will look for various investments that produce regular income from either dividends, interest or other income producing investment assets; this could include stocks, bonds, mutual funds, ETFs as well as other investment options. The main goal for this type of portfolio will be to emphasize income over growth.

Risks

Investing in securities involves risk of loss which you should be prepared to bear. Our past performance is not a guarantee of future results. Investing in securities (including stocks, bonds, mutual funds and ETFs) involves risk of loss. Further, different types of investments involve varying degrees of risk. Clients and prospective clients should prepare to bear investment loss including loss of original principal.

There are principal and material risks involved with investing which may adversely affect the account value and total return of your portfolio(s). There are other circumstances (including additional risks that are not described here) which could prevent your portfolios from achieving its investment objective. It is important to read all the disclosure information provided and to understand that you may lose money by investing in the any of our strategies.

Your account is subject to the following risks:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding

oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

ITEM 9 - DISCIPLINARY INFORMATION

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Other Business Activities

Tom Stefaniak is also a licensed insurance agent and sells various life insurance products, long term care and fixed and variable annuities. As a result, Tom Stefaniak receives compensation for these activities as an insurance agent. This creates a conflict of interest. A limited portion of the time he spends (generally less than 10%) is in connection with these activities and it represents less than 10% of our ongoing revenue. Clients are not under any obligation to purchase insurance products.

Broker Dealer

Pinnacle Wealth Management is not a broker/dealer, but our Investment Adviser Representatives ("IAR") are registered representatives of LPL Financial ("LPL"), a full service broker-dealer, member FINRA/SIPC, which compensates them for effecting securities transactions. When placing securities transactions through LPL in their capacity as registered representatives, they may earn sales commissions. Because the IARs are dually registered agents of LPL and Pinnacle Wealth Management, LPL has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3040. LPL and Pinnacle Wealth Management are not affiliated companies. IARs of Pinnacle Wealth Management spend a portion their time in connection with broker/dealer activities.

As a broker-dealer, LPL engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by Pinnacle Wealth Management or its IARs, investments in securities may be recommended for clients. If LPL is selected as the broker-dealer, LPL and its registered representatives, including IARs of Pinnacle Wealth Management, may receive commissions for executing securities transactions.

You are advised that if LPL is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers.

You should note, however, that you are under no obligation to purchase securities through IARs of Pinnacle Wealth Management or LPL.

Moreover, you should note that under the rules and regulations of FINRA, LPL has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require LPL to coordinate with, and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than LPL. Accordingly, LPL may limit the use of certain custodial and brokerage arrangements available to clients of Pinnacle Wealth Management and LPL may collect, as paying agent of Pinnacle Wealth Management, the investment advisory fee remitted to Pinnacle Wealth Management by the account custodian. LPL may retain a portion of the investment advisory fee you pay, as a charge for the functions it performs, and such portion may be further re-allowed to other registered representatives of LPL. The charge will not increase the advisory fee you have agreed to pay Pinnacle Wealth Management.

IARs of Pinnacle Wealth Management, in their capacity as registered representatives of LPL, or as agents appointed with various life, disability or other insurance companies, receive commissions, 12(b)-1 fees, fee trails, or other compensation from the respective product sponsors and/or as a result of effecting securities transactions for clients. However, clients should note that they are under no obligation to purchase any investment products through Pinnacle Wealth Management's IARs.

ITEM 11 - CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Pinnacle Wealth Management and persons associated with us are allowed to invest for their own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates a conflict of interest. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any potential conflicts of interest.

We have developed and implemented a Code of Ethics policy that sets forth standards of conduct expected of our advisory personnel to avoid this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information, and other situations where there is a possibility for conflicts of interest.

The Code of Ethics is designed to protect our clients by deterring misconduct, educating personnel regarding the firm's expectations and laws governing their conduct, reminding personnel that they are in a position of trust and must act with complete propriety at all times, protecting the reputation of Pinnacle Wealth Management, guarding against violation of the securities laws, and establishing procedures for personnel to follow so that we may determine whether our personnel are complying with the firm's ethical principles.

All advisory personnel are required to report to the Firm's Chief Compliance Officer initial and annual holdings and quarterly transactions in reportable securities, as defined in the Code and the Chief Compliance Officer is responsible for reviewing such reports. The Code also sets forth general standards of conduct and practices to be followed by all personnel to minimize conflicts of interest, including restrictions on gifts to or from brokers, clients and others, restrictions on

service on the boards of other companies, restrictions on participation in investment clubs and policies designed to prevent personal trading conflicts. In addition, the Code (including the Firm's Insider Trading Policy Statement) includes provisions designed to prevent and enforce the Firm's strict policy against the misuse of material non-public information by all personnel. The Firm's Chief Compliance Officer is responsible for the oversight and administration of the Code.

All associated persons sign a letter of acknowledgment that they have read the Personal Trading Policy, fully understand it and will abide by it at all times while under the employ of Pinnacle Wealth Management.

We have established the following restrictions in order to ensure our fiduciary responsibilities to you are met:

1. A director, officer or employee of Pinnacle Wealth Management shall not buy or sell any securities for their personal portfolio(s) 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 on reasonable inquiry. No director, officer or employee of Pinnacle Wealth Management shall prefer his or her own interest to that of the advisory client.
2. We maintain a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Pinnacle Wealth Management.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
4. We emphasize the unrestricted right of the client to select and choose any broker-dealer (except in situations where we are granted discretionary authority) he or she wishes.
5. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. Any individual not in observance of the above may be subject to termination.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; attn.: Chief Compliance Officer.

ITEM 12 - BROKERAGE PRACTICES

We have a relationship with LPL Financial ("LPL") member FINRA/SIPC to act as custodian for your account. LPL is an independent and unaffiliated SEC-registered broker-dealer. LPL offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We may recommend that you establish accounts with LPL to maintain custody of your assets and to effect trades for your accounts. Some of the products, services and other benefits provided by LPL benefit us and may not benefit you or your account. Our recommendation/requirement that you place assets with LPL may be based in part on benefits LPL provides us, and not solely on the nature, cost or quality of custody and execution services provided by the custodian.

We are independently owned and operated and not affiliated with LPL. LPL provides us with access to their institutional trading and custody services. These services include brokerage,

custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors.

In the event you request us to recommend a broker/dealer custodian for execution and/or custodial services, we generally recommend your account to be maintained at LPL. We may recommend that you establish accounts with LPL to maintain custody of your assets and to effect trades for your accounts. You are under no obligation to act upon any recommendations, and if you elect to act upon any recommendations, you are under no obligation to place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. We may use broker-dealers other than LPL to execute trades for your account maintained at the custodian, but this practice may result in additional costs to you so that we are more likely to place trades through LPL rather than other broker-dealers. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions. LPL's execution quality may be different than other broker-dealers.

For our client accounts maintained in custody with one of these custodians, the custodians generally do not charge separately for custody but are compensated by account holders through 12b-1 fees and ticket charges.

The custodians we utilize make available to us other products and services that benefit us but may not benefit your accounts. Some of these other products and services assist us in managing and administering your accounts. These include software and technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from your account, and assist with back-office functions, recordkeeping and reporting.

Many of these services generally may be used to service all or a substantial number of our accounts. The custodians also make available to us other services intended to help us manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the custodians may make available, arrange and/or pay for these services rendered to us by third parties. The custodians 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 us.

We will aggregate (combine) trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker-dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek the best execution (which includes the duty to seek best price) for you and is

consistent with the terms of our investment advisory agreement with you for which trades are being aggregated.

3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a procedure specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, it will be allocated pro-rata based on the allocation statement;
6. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
8. Individual advice and treatment will be accorded to each advisory client.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis other than what is described above.

ITEM 13 - REVIEW OF ACCOUNTS

The underlying securities within the investment supervisory services are regularly monitored. These reviews will be made by each Investment Adviser Representative in addition to the Chief Compliance Officer or his designee. We offer the ability to meet with our clients on a semi-annual basis to review their account. This review is usually conducted in person or by telephone. The number of accounts assigned depends on which IAR has the personal relationship with the client.

The purpose of all these reviews is to ensure that the Investment Plan continues to be implemented in a manner which matches your objectives and risk tolerances. More frequent reviews may be triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment. You are urged to notify us of any changes in your personal circumstances.

You will receive quarterly statements and confirmation of transactions from the custodian.

Review of Wealth Plans

Wealth Plan reviews are offered semiannually by advisors Thomas C. Stefaniak, Gail B. Hansen, and Charles Rhoades II, all Investment Advisor Representatives of Pinnacle Wealth Management. Wealth Plan reviews are performed more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Wealth Plan reviewers are the Financial Advisors of Pinnacle Wealth Management. We use the eMoney Advisor Wealth Management Solution. eMoney is an online financial planning software. We call this system "Wealth Plans". Clients can go to their personal web pages that are password protected and encrypted. The Wealth Plan website will update the client's net worth statement,

their cash flow, keep track of their retirement income goals, their estate plan as originally set up, and other financial planning goals. Clients may access their Wealth Plan via the World Wide Web by logging onto www.PinnaclePlan.com with their individualized username and password.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

While as a fiduciary, we endeavor to act in your best interest, our recommendation that you maintain your assets in accounts at one of our recommended custodians may be based in part on the benefit to us or the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

From time to time, we may receive expense reimbursement for travel (hotel, meals, flights) and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

IARs endeavor at all times to put the interest of our clients first as a part of their fiduciary duty. However, you should be aware that the receipt of additional compensation through expense reimbursements creates a conflict of interest that may impact the judgment of the IARs when making advisory recommendations.

We do not receive or pay out compensation for client referrals.

ITEM 15 - CUSTODY

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. However, this is the only form of custody we will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which we have the authority to have fees deducted directly from client accounts, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received

from us. When you have questions about your account statements, you should contact us or the qualified custodian preparing the statement.

Clients will provide written authorization permitting the fees to be paid directly from their account held by the qualified custodian. When fees are deducted from an account, we are responsible for calculating the fee and delivering instructions to the custodian.

ITEM 16 - INVESTMENT DISCRETION

We have authority to supervise and direct on an ongoing basis your investments in accordance with your investment objectives and guidelines or your written Investment Policy Statement. If authorized by you to have discretion over your account, we can without prior consultation with you: (1) buy, sell, exchange and otherwise trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such authority will be communicated by you to us in writing.

We shall employ broker dealers and markets as is prudent for your account. We will not, however, employ a broker dealer affiliated with us without first disclosing the affiliation to you and obtaining your written consent, we shall not be liable for any act or omission of any broker dealer (other than an affiliated broker dealer employed with your written consent).

The limitations on investment and brokerage discretion held by Pinnacle Wealth Management for you are:

1. For discretionary clients, we require that it be provided with authority to determine which securities and the amounts of securities to be bought or sold.
2. Any limitations on this discretionary authority shall be included in this written authority statement. You may change/amend these limitations as required. Such amendments shall be submitted in writing.

Research products and services received by us from broker-dealers will be used to provide services to all our clients.

ITEM 17 - VOTING YOUR SECURITIES

We will not vote proxies under its limited discretionary authority. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Should you have any questions about a particular solicitation, please contact Pinnacle Wealth Management or your IAR.

ITEM 18 - FINANCIAL INFORMATION

We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to you. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Neither Pinnacle Wealth Management Investments nor any of its associated persons have been the subject of a bankruptcy petition at any time during the past ten years.

BUSINESS CONTINUITY PLAN

Pinnacle Wealth Management has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services, or key people.

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident, and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Information Security Program

Pinnacle Wealth Management maintains an information security program to reduce the risk that your personal and confidential information may be breached.

PRIVACY NOTICE

Pinnacle Wealth Management is committed to maintaining the confidentiality, integrity, and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, and information about transactions between you and third parties. We use this information to help you meet your personal financial goals.

With your written permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques, and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.