

# Argentus Advisors, LLC

## **Part 2A Appendix 1 of FORM ADV Wrap Fee Program Brochure March 31, 2016**

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This wrap fee program brochure provides information about the qualifications and business practices of Argentus Advisors, LLC ("Argentus"). If you have any questions about the content of this brochure, please contact us at the phone number above. Argentus is registered with the United States Securities and Exchange Commission ("SEC") as an Investment Adviser; however, such registration is not intended to imply a certain level of skill or training. This Brochure has not been approved by the SEC or by any state securities body or regulatory authority.

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

**ITEM 2 – SUMMARY OF MATERIAL CHANGES SINCE MAY 5, 2016 BROCHURE**

This brochure was updated on October 3, 2016, providing the following information, which is different from or supplemental to information Argentus provided to clients and potential clients in our previous annual brochure dated May 5, 2016.

As of September 29, 2016, Sound Wealth Partners (“SWP”) became the owner of Argentus Advisors, LLC, which is registered with the Securities and Exchange Commission (SEC) as an Investment Adviser (RIA) under the Investment Advisers Act of 1940, with its principal place of business in Gig Harbor, Washington. SWP is owned jointly by KCSL Ventures LLC (“KCSL”) and DKJ Ventures LLC (“DKJ”), with each entity owning 50% (fifty percent) of SWP. Mr. Craig D. Johnsen is the Manager of DKJ and Ryan C. Finnigan is the Manager of KCSL. As such, on September 29, 2016, we amended Item 4 of this brochure to disclose our new ownership structure. We also amended Item 10 of the brochure to remove all reference to Summit Advisor Solutions, the former owners of Argentus Advisors, LLC. and any affiliate relationships of the previous owners.

### **ITEM 3 - TABLE OF CONTENTS**

<b>ITEM 1 - COVER PAGE .....</b>	<b>1</b>
<b>ITEM 2 - MATERIAL CHANGES .....</b>	<b>2</b>
<b>ITEM 3 - TABLE OF CONTENTS .....</b>	<b>3</b>
<b>ITEM 4 - SERVICES, FEES AND COMPENSATION .....</b>	<b>4</b>
<b>ITEM 5 - ACCOUNT REQUIREMENTS &amp; TYPES OF CLIENTS .....</b>	<b>8</b>
<b>ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION .....</b>	<b>9</b>
<b>ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS .....</b>	<b>15</b>
<b>ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS .....</b>	<b>16</b>
<b>ITEM 9 - ADDITIONAL INFORMATION .....</b>	<b>16</b>

## **ITEM 4 - SERVICES, FEES & COMPENSATION**

### **I. WRAP FEE PROGRAM ACCOUNTS**

A Wrap Fee Program is an investment advisory program in which you pay one fee for both the investment advisory services and the transaction costs in your account. Argentus offers its various advisory programs as either a traditional, non-wrap fee program or as a wrap fee program. Depending on the underlying investments in your Wrap Fee Program account and how much trading you expect to do, you may pay more for a Wrap Fee Program account than if you chose an advisory program that does not have a “wrap fee” offering, or if you chose to pay separately for all of your transaction costs (e.g. – pay the advisory fee plus all transaction commissions separately). Similarly, your Financial Advisor may receive more or less compensation on your wrap fee program depending on the same circumstances. This difference in compensation may present a conflict of interest that you should be aware of and that you should discuss with your Financial Advisor.

Bear in mind, you can purchase services similar to those offered in Argentus’ Wrap Fee Program separately from unaffiliated financial service providers. Wrap Fee Programs may cost you more or less than purchasing the services from another investment adviser. Some factors to consider, other than the Wrap Fee itself, when comparing investment advisers include: (i) Account maintenance and custodial fees; (ii) Account special handling fees, such as wire funds fees; (iii) Volume of trading activity anticipated in your account; (iv) Commissions to be charged in lieu of a wrap fee; and, (v) Account termination, statement and confirmation fees. You should review all the costs for each of the management services separately (and mutual fund fees and expenses when applicable) when analyzing the cost of Argentus Wrap Fee Program.

Your Financial Advisor will work with you to recommend whether you should utilize a Wrap Fee Program or not, based on your individual circumstance and anticipated trading activity. Please discuss with your Financial Advisor all fees and costs associated with your Wrap Fee Program account. For further information regarding Argentus Advisor’s “non-wrapped” Programs, please request a copy of Argentus’ ADV2A Disclosure brochure from your Financial Advisor.

### **II. ADVISORY BUSINESS**

On September 29, 2016, Messrs. Johnsen and Finnigan became indirect owners of Argentus through their ownership of DKJ Ventures, LLC and KCSL Ventures, LLC, respectively, which each entity owning 50% of SWP. Argentus Advisors, LLC (Argentus) is registered with the Securities and Exchange Commission (SEC) as an Investment Adviser (RIA) under the Investment Advisers Act of 1940, with its principal place of business in Gig Harbor, Washington. Argentus began conducting business in November of 2001, as a wholly owned subsidiary of SAS Capital Partners, LLC. Argentus’ main investment advisory business is to manage the investment portfolios of individuals, corporations, and other businesses through its investment adviser representatives (Financial Advisors) and through the use of third-party money managers. Argentus Advisor’s investment advisory services are tailored to the individual needs of its clients and are based on the client’s goals, investment objectives, time horizon and risk tolerance. In this capacity, Argentus and its Financial Advisors act as fiduciaries to their clients.

Argentus' Financial Advisors provide continuous investment advice to their clients regarding the investment of funds based on the individual needs of each client. The Financial Advisor will discuss your particular financial situation and will help you establish your financial goals, investment objectives, time horizons and risk tolerance. The Financial Advisor also reviews and discusses with you, your prior investment experience, all in an effort to properly advise you to ensure that the advisory services provided are appropriate.

You may elect to impose reasonable restrictions on investing in certain securities, types of securities, companies and/or industry sectors. However, Argentus may refuse to continue offering the advisory program if the firm determines that such restrictions cannot be accommodated. When advisory services are discontinued, all positions in the account are transferred to a non-discretionary, commission-based brokerage account with the custodian. The account will be subject to the terms and conditions of the agreement between you and the custodian and all advisory services and fees will no longer apply.

Argentus offers the following investment advisory services:

#### **FINANCIAL ADVISOR DIRECTED ACCOUNTS**

A Financial Advisor Directed Account is one in which the account and the selected portfolio is managed by the Financial Advisor, either on a discretionary or non-discretionary basis. The Financial Advisor will recommend various stocks, bonds, mutual funds, ETFs, alternative investments and other appropriate investments to help you develop a portfolio designed to meet your financial goals and objectives. Because each type of investment involves varying degrees of risk, the Financial Advisor will only make recommendations that are consistent with your stated goals, investment objectives, risk tolerance, time horizon and liquidity needs. The Financial Advisor will then meet with you regularly to discuss the portfolio's investments, to recommend any changes to the portfolio, in an effort to remain consistent with your investment goals and objectives.

#### **THIRD-PARTY MONEY MANAGER ACCOUNTS**

In lieu of recommending individual investments and helping you develop an investment portfolio, the Financial Advisor may assist you in selecting one or more Third-Party Money Manager(s). The Financial Advisor may utilize a number of factors in determining a prudent Third-Party Money Manager or Managers including but not limited to performance, investment objectives, fees, and comparing those factors to your stated goals and objectives (determining risk tolerance and investment styles).

Clients who utilize the services of Third Party Money Managers are provided the manager's fact sheet, which provides a detailed description of the manager's investment strategy and investment style. Third- Party Money Managers have their own minimum account size requirements and have their own separate fee schedule, which is in addition to the Financial Advisor's fee schedule. When you elect the services of a Third Party Money Manager, the Financial Advisor does not directly manage your assets. The assets are managed by the selected Third Party Money Manager.

Third Party Money Managers may either be Portfolio Strategists or Portfolio Managers. Portfolio Strategists provide recommended asset allocation strategies by which Argentus intends to invest the selected program assets, unless circumstances dictate that a modified allocation or investment is appropriate. Portfolio Strategists do not have discretion to trade your account and do not provide discretionary asset management services. Management of the program assets is performed by Argentus through its discretionary authority as described in the advisory agreement between you and Argentus. You may elect to employ a portfolio strategy for all or a portion of your account assets.

Portfolio Managers also provide recommended strategies, however, they actually have discretionary authority to affect trades in your account. Clients give Portfolio Managers discretionary authority through their advisory agreement with Argentus. Management of the program assets is performed by the Portfolio Manager. As with Portfolio Strategists, you may employ one or more Portfolio Managers. You may employ any combination of Portfolio Strategists and Portfolio Managers if determined to be appropriate.

Some Portfolio Managers may also provide “Overlay Services” for all or a portion of a client’s account if such services are selected. Overlay Services include but are not limited to services such as; harmonizing multiple account management services for the overall account, seeking trading and tax efficiencies or employing hedging or leveraging strategies to all or a portion of an account.

The Financial Advisor will assist you in understanding and evaluating the services provided by any Third Party Money Managers selected. If the Financial Advisor determines that a selected Third-Party Money Manager is not managing your portfolio in a manner consistent with your stated investment objectives or your financial situation changes such that the Third-Party Money Manager’s services are no longer appropriate, the Financial Advisor may recommend a more appropriate Third Party Money Manager for your account. Any change of a Third-Party Money Manager requires your written consent.

#### *Utilizing Third Party Money Managers - and Certain Alternative Investments*

You or your Financial Advisor may also elect to hire a Third Party Money Manager, to provide asset management services for your account.

Also, an unaffiliated third-party money manager may utilize one or more of the Advised Mutual Funds. When an Advised Mutual Fund is utilized in your portfolio, Argentus or the Third Party Money Manager will receive fees in addition to the advisory fee you pay Argentus.

A Third Party Money Manager that serves as the investment adviser to Advised Mutual Funds, will ultimately receive two sets of advisory fees on those assets, a sub-advisory “platform fee”, and an advisory fee embedded into the net asset value of those mutual funds that is paid to the advisor, and thus Argentus has a conflict of interest when recommending or when a Third-Party Money Manager utilize Advised Mutual Funds in a managed portfolio.

Investment advice, utilization within proprietary or Third-Party Money Manager portfolios, or recommendations may also be provided on Real Estate Investment Trusts, Leasing Funds, and Private Note Offerings. Third Party Money Managers, in certain instances, may be compensated for the distribution or sales of these investment vehicles, which creates a conflict of interest for Argentus.

#### **FINANCIAL ADVISOR AS PORTFOLIO MANAGER:**

Some Financial Advisors offer their own Portfolio Management Services. Such services may have their own asset management fee schedule and maximum fee charges.

#### **COMBINED FINANCIAL ADVISOR DIRECTED AND THIRD-PARTY MONEY MANAGER SERVICES**

You may elect to take advantage of Financial Advisor Directed Account services, as well as employ the services of one or more Third-Party Money Managers for your account(s). Such arrangements are accommodated and offered by Argentus and its Financial Advisors.

### **III. INVESTMENT MANAGEMENT SERVICE FEES**

This section is intended to assist you in understanding the costs associated with Argentus Advisor's investment advisory offerings. You should read this section carefully and also refer to your investment advisory agreement for a full description of the amount, terms, and calculation of the advisory fee applicable to your selected advisory service, as well as, information concerning ticket charges, refunds and contract termination. The fees and costs may be more or less than if you purchased a portfolio of similar investments through a brokerage arrangement or similar services through another investment adviser. It is important that you evaluate the services received in light of the fees and costs. Argentus reserves the right to negotiate fees, which may take into consideration elements like size of account and the complexity of services. Be sure to ask your Financial Advisor about the advisory program(s) considered by you and what other costs you may incur.

You should be aware that you may incur additional fees assessed by your custodian or by the individual investments within your account. Custodians charge their own transaction and administration fees. Depending on whether you are participating in a Wrap Fee Program, or not, some custodial fees may be included in your advisory fee, however, not all fees would be included. You want to refer to your advisory agreement with Argentus, as well as your custodial agreement(s) when you open your account to help you understand what fees you may be subject to. Additionally, some investment product sponsors such as mutual funds and UIT's assess their own management fees. Such fees are in addition to the advisory fees you pay Argentus. You should consult with your Financial Advisor and discuss all the fees applicable to your account and investment selections before making any investment or buying decisions.

Investment management pertains to securities portfolios where Argentus provides continuous and regular supervision or management services. For such services, Argentus charges investment management fees. In your investment advisory agreement with Argentus, you can find the investment management fee described as the "Total Portfolio Management Fee" which is a sum of the Financial Advisor Fee and the Annual Program Fee. The Annual Program Fee is the platform fee assessed by Argentus, to make the Advisor Directed and selected Third-Party Money Manager's services available to you.

Each Third-Party Money Manager may have a different Annual Program Fee, which will apply to the value of the assets being managed under that particular Third-Party Money Manager's strategy. Due to the fact that the value of the assets managed fluctuates from period to period and, in addition, the Annual Program Fee for each Third-Party Money Manager may be different, the Total Portfolio Management Fee will fluctuate from period to period. This is a function of the fact that different sleeves of your portfolio may employ different managers with differing fees. The percentage you pay for the services of each individual Third-Party Money Manager or your Financial Advisor does not change.

When you enter into an investment management agreement with Argentus, you authorize our firm to deduct the investment management fees directly from your account. Whether the investment management fee is assessed in advance or in arrears is stipulated in your investment management agreement with our firm.

If billed "In Advance," the fee will be assessed quarterly in advance of services being rendered and will be based on the average daily value of the assets being managed over the previous calendar quarter. The initial Fee is based on the value of the assets deposited at the time services begin. Other than the initial deposit, additional deposit or withdrawal adjustments are accounted for at the beginning of the



next calendar quarter based on the average daily value of the managed assets for the prior period. If you should terminate advisory services, any unearned fees collected in advance will be credited back to your account promptly. Argentus may not pro-rate deposits or withdrawals that are *de minimis*.

If billed "In Arrears," the fee will be assessed at the end of the quarter for which services were already provided. The fee calculation will be based on the average daily value of the managed assets over the previous calendar quarter. For deposits or withdrawals during the billing period, including the initial deposit or final withdrawal, the fee will be prorated over the billing period to account for the day's services were rendered. If you terminate your agreement, any uncollected, earned fees will be due and payable by you immediately and will be deducted from the managed assets promptly.

#### Alternative Investments

Alternative Investments include, among others, investments made in limited partnerships, hedge funds, business development companies and possibly certain mutual funds. Any alternative investments issued by or managed by firms associated with Argentus, if recommended by Argentus, may present a conflict of interest.

#### Wrap Fee Program Accounts

In a Wrap Fee Program, certain transaction costs are included as a part of your overall advisory fee. Since your wrap fee is not directly based on how active or inactive your account is traded, the firm may make more or less compensation based on account trading activity. This presents a conflict of interest for the firm. Argentus helps to mitigate this conflict by paying the Financial Advisor the same, no matter how actively your account trades. This helps take away any incentive he or she may have to trade or not trade your account.

#### Fee Schedule and Maximums

As mentioned above, Argentus does not utilize a set fee schedule for its advisory services. Instead, the Total Portfolio Management Fee is determined by combining your Financial Advisor's Fee with the annual Program Fee of the selected services and third-party money managers. Argentus has a maximum Total Portfolio Management Fee of 2.60% per year. The specific fee you pay for advisory services offered by us is stipulated in your advisory agreement. All fees are negotiable.

### **AMOUNT OF ASSETS UNDER MANAGEMENT**

As of December 31, 2016 Argentus had approximately \$220,000,000 of assets under management. There are no non-discretionary arrangements with respect to asset management services between Argentus and clients at this time.

**NOTE FOR ERISA PLANS:** Argentus acknowledges its status as a registered "investment adviser" with the SEC. Financial Advisors have the ability to and may provide fiduciary and/or non-fiduciary services to retirement plans (i.e., 401k, 403b, etc.). Retirement plans may or may not be subject to the U.S. Department of Labor's Employee Retirement Income Security Act ("ERISA").

With respect to services provided to ERISA accounts, Argentus also acknowledges its status as a "fiduciary" within the meaning of ERISA section 3(21). In most cases, the advisor is an ERISA 3(21) fiduciary tasked with "recommending," "assisting," "helping," or "advising" the sponsor as the sponsor goes about making selection/monitoring/replacement decisions.

### **ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

Argentus has an account program minimum of \$25,000, however, this minimum requirement is at our sole discretion, as there may be extenuating circumstances, which may make it reasonable to accept an





account with a lesser value. Each individual Third-Party Money Manager has its own portfolio value minimums. These minimums are listed in your advisory agreement and should be discussed in further detail with your Financial Advisor.

Argentus generally provides investment advisory services to individuals, including high net worth individuals. To a lesser extent, it may also provide services to pension and profit sharing plans (other than plan participants), charitable organizations, and corporations or business entities.

## **ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **METHODS OF ANALYSIS**

Each Financial Advisor associated with Argentus selects from a variety of sources from which they obtain information and data concerning securities, which they use to formulate their client's individual investment strategies. The main information sources include, but are not limited to:

- Financial programs and financial websites;
- Financial newspapers and magazines;
- Research materials prepared by others;
- Timing services;
- Annual reports, prospectuses, filings with the SEC; and/or
- Company press releases.

Your Financial Advisor may use charting, fundamental and/or technical analysis methods to formulate the investment advice that they provide. You should ask questions and be familiar with the sources of information used by your Financial Advisor.

### **INVESTMENT STRATEGIES**

#### **BUY AND HOLD**

Portfolio managers may purchase, or recommend for purchase, securities with the idea of holding them in the client's account for a year or longer. Typically the manager will employ this strategy when:

- The manager believes the securities to be currently undervalued, and/or
- The manager wants exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, the manager may not take advantage of short-term gains that could be profitable to a client. Moreover, if the analysis is incorrect, a security may decline sharply in value before the manager makes the decision to sell.

#### **SHORT-TERM PURCHASES**

When utilizing this strategy, a portfolio manager may purchase securities with the idea of selling them within a relatively short time (typically a year or less). The manager will do this in an attempt to take advantage of conditions that it is believed will soon result in a price swing in the securities purchased.

**Trading.** Portfolio managers may purchase securities with the possibility of selling them quickly (typically within 30 days or less). This is done in an attempt to take advantage of predictions of impending brief price swings based on analysis.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, the portfolio manager must either take a long-

term position in a security that was designed to be a short-term purchase or take a realized loss. In addition, because this strategy involves more frequent trading than does a longer-term strategy, there could be resultant increases in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

### SHORT SELLING

Portfolio managers may borrow, or recommend to borrow, shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. Subsequently, the manager buys the same stock and returns the shares to the original owner to close the open short position. Portfolio managers engage in short selling based on an opinion that the stock will go down in price after the shares have been borrowed. If the manager is correct and the stock price has gone down since the shares were borrowed from the original owner, the client account realizes the profit.

Short selling results in some unique risks:

1. **Losses can be infinite.** A short sale loses when the stock price rises, and a stock is not limited (at least, theoretically) in how high it can go. For example, if you short 100 shares at \$50 each, hoping to make a profit but the shares increase to \$75 per share, you'd lose \$2,500. On the other hand, the price of a stock cannot fall below \$0, which limits your potential upside.
2. **Short squeezes can wring out profits.** As stock prices increase, short seller losses also increase as sellers rush to buy the stock to cover their positions. This increase in demand, in turn, can further drive the price of the stock up.
3. **Timing.** Even if a portfolio manager is correct in determining that the price of a stock will decline, the manager runs the risk of incorrectly determining when the decline will take place, i.e., being right too soon. Although a company may be overvalued, it could conceivably take some time for the price to come down; during which time you are vulnerable to margin calls, opportunity costs, etc.
4. **Inflation.** History has shown that over the long term, most stocks appreciate. Even if a company barely improves over time, inflation should drive its share price up somewhat. In fact, short selling may not be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the underlying company.

### STRATEGIC VS TACTICAL

Portfolio managers may have their own unique strategies that they employ when managing portfolios. Two common asset management approaches are “strategic” and “tactical.”

**Strategic:** A strategy that sets specific asset class allocations and then, periodically, rebalances the managed portfolio to maintain the original asset class allocation. There is typically no change in the assets classes utilized in this type of strategy.

**Tactical:** A strategy that takes a more active trading approach to investing and makes tactical market trades in portfolios in an attempt to take advantage of perceived market opportunities. This could mean a complete replacement of a poor performing asset class to an assets class expected to perform better.

Prior to investing with any portfolio manager, you are encouraged to ask questions and make sure you understand the investment strategies recommended for you by your Financial Advisor.

## **THIRD-PARTY MANAGER EVALUATION**

### *Portfolio Strategists*

Argentus will enter into arrangements with selected, unaffiliated Third-Party Money Managers (TPMMs) whereby it gains access to their proprietary investment portfolio models. These TPMMs are in the business of constructing portfolios with specific investment objectives in mind. Through these arrangements, the TPMMs have the obligation to make known to Argentus the exact investments they purchase and sell in the construction of their portfolios and Argentus has the right to use that information to purchase and sell the same investments in the accounts on Argentus' advisory account platform. In these arrangements, you are not a client of the TPMM. Instead, Argentus will provide you a "Manager Fact Sheet" along with and at the time you enter into an advisory agreement with Argentus. This Manager Fact Sheet describes the TPMM's portfolio goals, investment objectives and risk profile. These TPMM's are referred to as "Portfolio Strategists" in your advisory agreement. Your Financial Advisor has the responsibility to assess and help determine which, if any, of the services provided by the TPMM's are suitable for you.

### *Portfolio Managers*

In some cases the TPMM's manage your account as a "separately managed account" (or SMA). With these arrangements, the TPMM has discretion over all or a portion of your account assets and will purchase and sell securities in your account consistent with the particular portfolio's stated investment objectives and risk profile. These TPMM's are referred to as "Portfolio Managers" in your advisory agreement. When the TPMM is managing an SMA for you, you will be provided that TPMM's disclosure brochure, which will describe the portfolio services in greater detail.

### *Overlay Services*

TPMMs may provide "overlay services" for client accounts. If you elect to utilize overlay services, the TPMM selected will provide discretionary investment management services. The overlay services attempts to harmonize your various program accounts or assets for trading and/or tax-efficiency purposes and employs strategies such as hedging and leveraging across a portion or all of your program portfolios. Overlay services often involve the use of options contracts in order to achieve its stated goals.

### *Emerging Managers*

Emerging Managers are those whose models are accessible through the advisory platform but do not have the longevity that a traditional TPMM has. Though these Emerging Manager TPMMs typically have been in the financial services industry for a number of years and Argentus believes in the merits of their investment process, choosing them is more risky because they have not yet met the same demonstrable track record of performance with a specific model strategy required of other TPMMs. Due diligence has been performed on them, but their level of experience as dedicated asset managers and the length of time they have run these particular strategies do not meet our standard due diligence requirements.

In some cases, these Emerging Manager TPMMs are persons associated with Argentus or one of its affiliates. In addition, the Emerging Manager TPMM could also be acting as your Financial Advisor. As such, a conflict of interest exists in that your Financial Advisor may be motivated to recommend his or her proprietary asset management services.

#### *Third Party Money Manager selection process:*

Argentus employs a multiphase approach to researching and selecting TPMMs whose models are acceptable for inclusion on the advisory platform. Such TPMMs are evaluated using data and information from several sources, including the manager itself and independent databases. Among the types of information analyzed are historical performance, investment philosophy, investment style and historical volatility. Also reviewed are the TPMM's Form ADV disclosure brochures and portfolio holdings reports, which help us evaluate the TPMM's securities selection process. To ensure accuracy, Argentus attempts to verify all information by comparing it to publicly available sources. The investment professionals at the TPMMs are a primary source of information to Argentus, providing quantitative and qualitative information.

Once a TPMM is approved to be offered on the platform, Argentus performs on-going due diligence to ensure the TPMM is meeting expectations. If a TPMM is not meeting expectations, Argentus will monitor the TPMM and determine if and when they should be removed from the platform.

#### **PORTFOLIOS MANAGED BY RELATED PERSONS**

Some Financial Advisors offer their own Portfolio Management Services. Such services may have their own asset management fee schedule and maximum fee charges. These Financial Advisors must go through the same vetting and review process that the Third-Party Money Managers go through before their services are offered on the platform.

When these services are offered in a Wrap Fee Program, the Financial Advisor is conflicted in that, the more or less he trades the portfolio, the more or less profitable the management of the portfolio becomes. Argentus mitigates this conflict by absorbing the custodial charges and not passing them through to the Financial Advisor. By doing this, the Financial Advisor is not incentivized to trade any more or less and is only incentivized by the performance of the portfolio. In addition, we provide you this disclosure brochure so that you can make an informed decision about the services for which you subscribe.

#### **TYPES OF ADVISORY SERVICES OFFERED**

Item 4 of this brochure describes, in some detail, the various advisory services offered by Argentus and its Financial Advisors. All of our advisory programs are offered as either Wrap Fee Programs or as non-wrapped programs. To learn more about our non-wrapped programs, you can request Argentus' ADV2A Disclosure Brochure from your Financial Advisor at no charge.

#### **PERFORMANCE-BASED FEES AND SIDE-TO-SIDE MANAGEMENT**

Argentus and its Financial Advisors do not charge Performance-Based or Side-By-Side Management Fees.

Performance-Based Fees are fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle).

Your investment management fees with Argentus are assessed as a percentage of the total value of your advisory account and are not considered performance-based.

#### **RISK OF LOSS**

##### General Risk

Investing in securities involves risk of loss that you, as the investor, should be prepared to bear. Argentus does not represent or guarantee that it can predict future results, successfully identify market tops or bottoms, or insulate client portfolios and investments from losses. The prices of, and the income generated by, equities and other securities held in your portfolio may decline in response to



certain events taking place around the world, including those directly involving the issuers whose securities you own. Conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate and commodity price fluctuations are all risk factors that can affect the valuation of your investments.

Argentus cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance. The value of your investments will be subject to a variety of factors, such as the liquidity and volatility of the securities markets. Portfolio transactions may give rise to tax liability, for which you are responsible.

#### Asset Allocation Risk

Asset allocation risk is the risk that your portfolio may be allocated to an asset class that underperforms other asset classes. For example, fixed-income securities may underperform equities. Accordingly, asset allocation risk will be influenced by the allocation of your portfolio among equities, fixed income, alternative and money market securities.

#### Investment and Market Risk

Securities purchased in your account(s) are subject to investment risk, including the possible loss of the entire principal amount invested. A recommendation to invest in securities and other instruments may also involve market risk, which is the risk that the value of these positions, like other investments, may move up or down, sometimes rapidly and unpredictably due to adverse market conditions and not necessarily based on the individual merits of the investment. Investment holdings in your account, at any point in time, may be worth less than the original investment, even after taking into account any reinvestment of dividends.

**Interest Rate Risk.** Fluctuations in interest rates may cause the value of investments to fluctuate. For *example*, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income instruments tends to decrease. Conversely, as interest rates fall, the market value of fixed income instruments tends to increase. This risk will be greater for long-term securities than for short-term securities.

**Counterparty Risk.** Certain assets will be exposed to the credit risk of the counterparties when engaging in exchange-traded or off-exchange transactions as such counterparties could fail to deliver or otherwise default on their obligations. There may also be a risk of loss of assets on deposit with or in the custody of a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions, or the bankruptcy of an exchange clearinghouse.

**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. When investing in illiquid securities, it may not be possible to sell such securities at the most opportune times or at prices approximating the value at which they were purchased.

#### Exchange Traded Funds (ETFs)

While investing in ETFs has similar risks as investing in individual equities, ETFs typically invest in a diverse group of securities. The level of diversification varies by ETF. While ETFs reduce the effects of concentration risk as compared to investing in a single security, certain ETFs are susceptible to industry, commodity or country risk. Investing in a diverse selection of ETFs may help to reduce this risk. Another important factor to consider with ETFs is that the portfolio of securities in which they invest are typically not actively managed. Leveraged and Inverse ETFs bear unique risks that investors who wish to

trade in these should understand. It's important to read the appropriate prospectus or disclosure document specific to the leveraged or inverse ETF before investing.

#### Fixed Income Investments

One of the most important risks associated with fixed-income securities is interest rate risk, the risk encountered in the relationship between bond prices and interest rates. The price of a bond will change in the opposite direction of movements in prevailing interest rates. For example, as interest rates rise,

bond prices will generally fall. If an investor has to sell a bond prior to the maturity date, an increase in interest rates could mean that the bondholder will experience a capital loss (i.e., selling the bond below its original purchase price).

Reinvestment risk is the risk that the interest rate at which the interim cash flows can be reinvested will decline and thus reinvestments will receive a lower interest rate. Reinvestment risk is greater for longer holding periods.

Default risk is commonly referred to as "credit risk" and is based on the probability that the issuer of the debt obligation may default. Default risk is rated by quality ratings assigned by commercial rating companies.

Call risk is the risk related to call provisions on debt obligations. You should be aware of four risks associated with call provisions.

- 1) The cash flow patterns of callable bonds are not known with certainty.
- 2) Since the issuer will typically exercise their right to call the bonds when interest rates have dropped, you may be exposed to reinvestment risk. You would have to reinvest the proceeds after the bond is called at relatively lower interest rates.
- 3) The potential for capital appreciation of a callable bond is reduced relative to that of a non-callable bond, because its price may not rise much above the price at which the issuer can call the issue.
- 4) If the issue is purchased at a premium, you may lose the difference between the purchase price and call price.

Inflation risk arises because the value of the cash flows being received from a debt obligation may actually lose purchasing power over the course of time due to the effects of inflation.

Liquidity risk depends on the ease with which an asset can be sold at or near its current value. The best indicator to measure an issue's liquidity is the size of the spread between the bid price and the ask price quoted by a dealer. A wider spread on the asset indicates a greater liquidity risk. If you plan on holding a bond until its maturity date, liquidity risk is less of a concern.

Finally, exchange rate risk, which is encountered in non-dollar denominated bonds or bonds whose payments occur in a foreign currency, has unknown U.S. currency cash flows. The dollar cash flows are dependent on the exchange rate at the time the payments are received. For example, consider a bond whose coupon payment is paid out in Japanese yen. If the yen depreciates relative to the U.S. dollar, fewer net dollars will be received. Conversely, if the yen should appreciate relative to the U.S. dollar, the investor will benefit by receiving more net dollars.

#### Alternative or Illiquid Investments

Some portfolio managers and some strategies utilize "illiquid investments." These are securities and other financial instruments that are not actively or widely traded and may have a limited or non-existent secondary market (i.e., non-traded REITs, Hedge Funds, Managed Futures Funds, Business



Development Companies and other “Reg-D” unregistered offerings). As a result of the limited or non-existent secondary market, it may be relatively difficult, if not sometimes impossible, for Argentus, its affiliate or a third-party portfolio manager to dispose of such investments rapidly and/or at a reasonable value when you make a liquidation or withdrawal request. This is particularly true during times of adverse market conditions. Adverse market conditions have, in the past, lead to a “liquidity crisis” (i.e., the inability to sell many securities at expected values). Neither Argentus, nor any portfolio manager make any assurance or guarantee that future market conditions will not result in similar liquidity issues.

Investors in Illiquid Investments should carefully consider the unique risks these types of securities present before making any investment decisions. Affiliated organizations, in certain instances, may be compensated for the distribution or sales of these investment vehicles, which creates a conflict of interest for Argentus. Additionally, affiliated organizations may be the issuer of such Illiquid Investments and may be involved in the valuation of such investments. This presents a conflict of interest for Argentus when such investments are held within an advisory account and billed on.

#### International Investing

Investing in the global market can assist with diversification of a portfolio but it is important to consider some of the unique risks with such a strategy. Each country has unique rules and regulations covering corporations and their stock markets, which offer investors varying degrees of protection. Additionally, investing in foreign markets subjects your investment to currency risk.

Additional risk information may be available in a product’s prospectus, offering circular or on the product sponsor’s web site. Additional product specific risk information is available through the investor section of [www.sec.gov](http://www.sec.gov). Please review these resources for more detailed information on the risks related to the specific investments in your portfolio.

#### **VOTING PROXIES**

Argentus, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm’s proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. Clients retain the right to direct vote on any security or issue concerning that security. If the client wishes to exercise that right on any security, they must contact Argentus in writing. If clients wish to request a free copy of Argentus’ proxy voting procedures or would like to request a free copy of how Argentus voted a client’s proxies, they may request a copy of the firm’s proxy policies and procedures by calling us at (253) 470-4977.

#### **ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

When your account is opened, Argentus communicates the information you provided us on your Risk Tolerance Questionnaire to each selected Third-Party Money Manager (TPMM). Your Financial Advisor will contact you regularly to review and update your file and account information. When material changes occur in your financial situation or investment objectives, your Financial Advisor will advise you accordingly and, if necessary, add or drop Third-Party Money Managers as appropriate.

TPMMs who merely provide their models to Argentus, but do not actually have control over the account assets are referred to as “Portfolio Strategists” and will not have access to client information.



TPMMs who manage your account or a portion of your account through a Separately Managed Account (SMA) are referred to as “Portfolio Managers.” Portfolio Managers are provided access to your account information.

## **ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS**

You may contact your Financial Advisor or Argentus directly to inquire about and discuss any Wrap Fee Program offered. Any meeting with a Portfolio Strategist or Portfolio Manager are typically arranged by your Financial Advisor.

## **ITEM 9 – ADDITIONAL INFORMATION**

### **DISCIPLINARY INFORMATION**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to Client’s evaluation of the Registered Investment Adviser or the integrity of its management. Neither Argentus, its owners, nor its management have been involved in any legal or disciplinary events that would have a material impact on a client’s evaluation of Argentus’ advisory business or the integrity of management.

Your Financial Advisor should provide along with this brochure a supplement that describes his or her education, business experience, professional designations and material legal or disciplinary history, if any.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

#### ***General Description of Ownership Structure***

***Argentus is wholly owned by Sound Wealth (“SWP”), which is registered with the Securities and Exchange Commission (SEC) as an Investment Adviser (RIA) under the Investment Advisers Act of 1940, with its principal place of business in Gig Harbor, Washington. SWP is owned jointly by KCSL Ventures LLC (“KCSL”) and DKJ Ventures LLC (“DKJ”), with each entity owning 50% (fifty percent) of SWP. Mr. Craig D. Johnsen is the Manager of DKJ and Ryan C. Finnigan is the Manager of KCSL.***

#### ***Broker-Dealer Registrations***

Certain members of Argentus’ management team, as well as several of its Financial Advisors may also be registered representatives of unaffiliated broker-dealers. As registered representatives, these persons may receive separate, yet customary, commission compensation and/or trailing commissions resulting from the sale of securities products and services they may recommend.

Transactions in securities, such as fixed income securities, non-traded real estate investment trusts (REITs), preferred stock, and private placements, may be executed by a broker-dealer on behalf of advisory clients. Broker-Dealers charge commissions or markups or receive other compensation for effecting these securities transactions. This compensation is in addition to the fees noted above. Management persons and employees of Argentus or one of its affiliates may also be licensed as registered representatives of a broker-dealer and may receive a portion of this compensation. Clients should be aware that this may create an incentive for Argentus to recommend investment products based on the receipt of additional compensation, rather than the needs of the client or the quality of the investment, which creates a conflict of interest. Argentus endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.





Financial Advisors providing investment advice on behalf of Argentus, who are registered representatives of an unaffiliated broker-dealer, may recommend their broker-dealer for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from authorization to do so. Therefore, these individuals may be limited to conducting securities transactions through their broker-dealer. It may be the case that such broker-dealer's charge higher transaction fees and/or custodial fees than other broker-dealers charge for the same services. Also, if transactions are executed through these broker-dealers, these Financial Advisors (in their capacity as registered representatives of the brokerage firm) may earn commission-based compensation as a result of placing the recommended securities transactions through their broker-dealer. This practice presents a conflict of interest because the Financial Advisor has an incentive to effect transactions for the purpose of generating a commission rather than solely based on your best interest. Additionally, this practice may preclude Argentus from achieving best execution within such an advisory account. You may utilize the broker-dealer of your choice, however, if you want your Financial Advisor to be the Financial Advisor of record for your account and you do not choose the broker-dealer your Financial Advisor is a Registered Representative of, we may not be able to accept your account.

### ***Insurance Agents and Agencies***

Certain members of Argentus' management team, as well as several of its Financial Advisors are also licensed insurance agents and/or operate insurance agencies unaffiliated with Argentus. As insurance agents and agencies, these persons receive separate, yet customary, commission compensation and/or trailing commissions resulting from the sale of insurance products and services they may recommend.

Currently, the insurance agencies operated by our affiliate, Argentus Advisors' Financial Advisors include: Kitsman Investment Management, Wealth Innovations, and Leveraged Solutions, LLC.

### ***General Disclosure Regarding Registered Representatives and Insurance Agents***

Commission based sales may incentivize a person to recommend a commissionable product based on the compensation received, rather than based on your needs. Offering such products and services to advisory clients may present a conflict of interest. You should be aware of this conflict and should inquire further if necessary.

Each Financial Advisor is required to provide you this disclosure document along with a personal disclosure document which describes whether they are registered representatives or insurance agents, operate insurance agencies and/or other outside business activities they may be involved in which may present a conflict of interest. Providing these disclosure documents to you is an important requirement for mitigating these inherent conflicts.

Argentus does not compensate its Financial Advisors any more or less for the advisory services it offers, regardless if the asset management services are directed by the Financial Advisor directly or whether you use the services of one or more model portfolios or Third-Party Money Managers, or whether any of the above mutual funds are recommended. This compensation practice, along with the requirement that you receive this disclosure brochure prior to or at the time you enter into an advisory relationship with Argentus are among the methods we utilize to help mitigate these conflicts.

### **OTHER INVESTMENT ADVISERS**

Argentus provides an advisory service by which its Financial Advisors can recommend and select other investment advisors (referred to as Third-Party Money Managers) to manage all or a part of your portfolio. These Third-Party Money Managers assess a "program fee" for their services, for which Argentus shares in. This arrangement may present a conflict of interest, depending on the fee collected by Argentus. In order to help mitigate this conflict, Argentus institutes several policies. First, Argentus has a documented and measurable process for vetting Third-Party Money Managers before they can be added to the platform and for ongoing review to determine if they should remain on the platform. The



amount of compensation received by Argentus is not a part of the decision making process. Additionally, Financial Advisors do not receive any more or less compensation based on what Third-Party Money Managers they recommend or select. Last, Argentus requires the delivery of this disclosure document to all advisory clients, prior to or at the time they enter into an advisory agreement with the firm.

#### **GENERAL STATEMENT ON CONFLICTS PRESENTED BY AFFILIATES**

Clients should be aware that the receipt of additional compensation by Argentus and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Argentus endeavors at all times to put the interest of its clients first. As part of our fiduciary duty as a registered investment adviser; we take the following steps to address the conflicts of interest noted above:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- 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;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm;
- 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; and we monitor the personal trading of the employees we've deemed "access persons" (as that term is defined under the Advisers Act) so as to reasonably ensure the prevention of abusive trading practices such as front-running and insider trading.

#### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

##### ***Code of Ethics***

As a fiduciary, Argentus has established a Code of Ethics under which all of the firm's employees and Financial Advisors must comply. Argentus accepts its fiduciary responsibility to (1) place the interests of its clients first at all times, (2) act with the utmost good faith (3) provide full and fair disclosure of all material facts and conflicts of interest to clients, and (4) conduct all personal securities transactions consistent with its Code of Ethics. Argentus' Financial advisors are held to a professional standard that requires they avoid any abuse of an individual's position of trust and responsibility, not take inappropriate advantage of their positions; comply with applicable securities laws and regulations; and maintain confidentiality of client's financial circumstances. You may request a full copy of our Code of Ethics from your Financial Advisor.

##### ***Personal Trading***

From time to time, Financial Advisors, or related persons, will invest in the same securities that are going to be, or have already been, bought or sold for clients' accounts. Transactions for the Financial Advisor, or a related person, could be effected at or about the same time they are effected for a client's account. Because of this, a conflict of interest could arise in that it is possible for the Financial Advisor, or a related person, to place their order ahead of a client's order. While Argentus does allow its Financial Advisors to invest in these securities, it does not allow orders to be placed ahead of clients. Placing the client's order ahead of the Financial Advisor's or the related person's does not ensure a



better price, however, it does ensure that the client's trade will occur at or before that of the Financial Advisor or related person. Whenever possible, Argentus will aggregate the trades so that all the positions are filled at the same price.

### **BROKERAGE PRACTICES**

Argentus considers factors such as speed, reliability, cost, quality of trade execution, and the availability of services and products when selecting broker/dealers or custodians to execute your transactions. The fees and commissions that you may pay for such services may be higher than the fees and commissions available at other broker/dealer or custodian firms. Argentus believes the overall benefits and features of recommended broker/dealer and/or custodial services are of sufficient value to warrant the fees and commissions such firms charge.

Argentus makes various broker/dealers and/or custodians available to its prospective clients. Accounts are opened and carried by the broker/dealer or custodian selected by you, the client. Argentus reserves the right not to accept an account at its sole discretion.

From time to time, recommended broker/dealers may refer prospective clients to Argentus. Such referrals could provide an incentive for us to direct business their way. Argentus does not pay for such referrals and does not charge such referred clients any more or less than what would be charged if the prospective client learned of our services any other way.

Argentus does not receive what is known as "soft dollars" from any broker/dealer or custodian. This means that Argentus does not use brokerage commissions to obtain research or other products or services from broker/dealers or account custodians.

When possible, Argentus, through its trading desk, will try to aggregate the purchase or sale of securities for various client accounts. This can sometimes provide for better execution of trades more level execution across client accounts.

Argentus may permit directed brokerage arrangements in which you, the client, would select the broker/dealer or custodian to be utilized. This practice is known as "directed brokerage." If you direct us to use a broker/dealer or custodian other than those, which we recommend, Argentus may not be able to achieve most favorable execution and you may pay more or less for account transactions.

### ***Registered Representatives***

Some Financial Advisors are also registered representatives of unaffiliated broker/dealers. This fact will be disclosed to you via the Financial Advisors ADV2B "bio brochure" which you should receive on or before account opening. Although the broker/dealer for which the Financial Advisor is registered is unaffiliated with Argentus, your account may still be held or cleared through that broker/dealer. When this is the case, your Financial Advisor may also be the registered representative of record for your account. As a registered representative, your Financial Advisor may be entitled to other compensation such as 12b-1 fees and or a portion of the ticket charges assessed for advisory programs. This arrangement creates a conflict of interest that you should be aware of. Argentus provides this disclosure brochure and this explanation in order to inform you of this conflict so that you can make an informed decision as you establish your advisory account.

### **REVIEW OF ACCOUNTS**

Your Financial Advisor is responsible to ensure that the recommended advisory service you are subscribed to is suitable for you. Our advisory offerings are managed to meet a wide range of risk tolerances, so indicating an appropriate risk level or risk tolerance for your account and services is an important step in the account review process. Upon opening your account with Argentus, your Financial Advisor will gather pertinent information from you in order to help him or her assess your risk tolerance and help establish your investment goals. Subsequently, and at least annually, your Financial Advisor



should meet with you to re-assess your situation and make sure nothing has changed that would require an adjustment to your portfolio strategy. This assessment, at a minimum, will include a review of your established investment objectives and financial situation, as well as an inquiry as to whether you would like to include any restrictions on management of your account.

Your account custodian will provide you with account statements at least quarterly, which will show your account holdings, securities valuations and any trading activity that occurred during the statement period. Upon request, your Financial Advisor may also provide certain account holdings, trading and performance reporting. All securities valuations are done your custodian or directly from the product sponsor. Argentus does not provide valuations on securities.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

From time to time, Argentus may pay a referral fee to a person or to another investment advisory firm for a client referral under the Investment Advisers Act of 1940, Rule 206(4)-3. The referring party must enter into a Solicitor's Agreement with Argentus and clients who are introduced under this arrangement receive a Solicitor's Disclosure Statement. The Solicitor's Disclosure Statement provides certain information to the introduced client, including but not limited to, the fact that the solicitor/introducer is receiving compensation, the nature of the compensation being received and whether or not the introduced client is paying any more or less for advisory services because of this referral fee arrangement.

#### **CUSTODY**

Argentus does not take custody of assets in any client account. As of December 31, 2016, Argentus has arrangements in place to do business with different custodial firms, including but not limited to Charles Schwab and TD Ameritrade. Argentus will allow a client, under certain circumstances, to choose their own broker/dealer and/or account custodian (please see further explanation of "directed brokerage" under Item 12 above). The custodian is responsible for sending out account statement on at least a quarterly basis which will itemize each of the current account holdings, their values and all transactions that have occurred in the client's account. Upon request from you, Argentus will also prepare a quarterly performance statement. You are strongly advised to compare the custodial statement with the quarterly performance report each quarter. In the event of a discrepancy, the custodian's statement will prevail. Any discrepancies, errors, or questions should be brought to the attention of your Financial Advisor.

#### **INVESTMENT DISCRETION**

Although Argentus does not prohibit non-discretionary advisory services, in almost all situations the services provided to you and your account is discretionary in nature. Discretion may mean that your Financial Advisor has the authority to buy and sell securities inside of your account, without consulting you prior to placing such trades. It is also considered discretion when Argentus and/or your Financial Advisor can hire or fire Third-Party Money Managers on your behalf in the management of your portfolio. When you sign the Argentus client management agreement, you are providing Argentus and your Financial Advisor a "limited" power-of-attorney, permitting Argentus and your Financial Advisor to take such discretionary action. The authority is limited in that, neither Argentus nor your Financial Advisor ever assumes the authority to withdraw funds or securities from your account.

#### **OTHER POTENTIAL CONFLICTS**

##### *Industry Affiliations*

Transactions in securities, such as fixed income securities, non-traded real estate investment trusts (REITs), preferred stock, and private placements, may be executed by a broker-dealer on behalf of advisory clients. Broker-Dealers charge commissions or markups or receive other compensation for



effecting these securities transactions. This compensation is in addition to the fees noted above. Management persons and employees of Argentus or one of its affiliates may also be licensed as registered representatives of a broker-dealer and may receive a portion of this compensation. Clients should be aware that this may create an incentive for Argentus to recommend investment products based on the receipt of additional compensation, rather than the needs of the client or the quality of the investment, which creates a conflict of interest. Argentus endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

A Third Party Money Manager that serves as the investment adviser to Advised Mutual Funds, will ultimately receive two sets of advisory fees on those assets, a sub-advisory “platform fee”, and an advisory fee embedded into the net asset value of those mutual funds that is paid to the advisor, and thus Argentus has a conflict of interest when recommending or when a Third-Party Money Manager utilize Advised Mutual Funds in a managed portfolio. Investment advice, utilization within proprietary or Third-Party Money Manager portfolios, or recommendations may also be provided on illiquid alternative investments. Associated organizations, in certain instances, may be compensated for the distribution or sales of these investment vehicles, which creates a conflict of interest for Argentus.

It is important to point out that these arrangements are a conflict of interest and can incentivize someone to recommend these funds based on the compensation received rather than based solely on your needs. You have the option to purchase investment products recommended to you by one of our Financial Advisors through other financial advisory firms and/or broker/dealers that are not affiliated with Argentus. We do not compensate Financial Advisors any more or less to recommend these funds nor do we promote or incentivize our Financial Advisors, in any way, to recommend these funds over any other funds, which may be available on the platform. These policies along with providing you this brochure with full disclosure are how Argentus addresses these conflicts.

#### Registered Representatives and Insurance Agents

While Argentus is not a broker-dealer or an insurance agency and is not affiliated with a broker-dealer or an insurance agency, many of the Financial Advisors registered as investment adviser representatives with Argentus are also registered representatives of unaffiliated broker-dealers and state licensed insurance agents. This means your financial advisor may receive commissions for security and insurance recommendations you execute through his or her broker-dealer or insurance practice. This relationship may present a conflict of interest for the Financial Advisor, as it creates an incentive for your Financial Advisor to recommend the purchase of securities and insurance products on the basis of compensation rather than based on your needs. Financial Advisors are fiduciaries and have an ethical obligation to always put your interests before their own.

#### Due Diligence Meetings and Gifts & Entertainment

On occasion, Financial Advisors and Argentus’ personnel are invited by Third-Party Money Managers, product sponsors and other investment advisory firms to due diligence and educational meetings which they host. Argentus believes these meetings to be valuable in allowing our firm and our Financial Advisors the opportunity to better understand the products and services offered by such business associates. Consequently, Argentus permits Financial Advisors to attend these meetings. In many cases, the hosting party will offer to pay for such expenses as airfare, hotel rooms, local transportation and dining. While Argentus does maintain a Code of Ethics for which all of its Financial Advisors and personnel are subject to complying with, these events can pose a conflict of interest and incentivize the recommendation of the hosting parties products and services.



Additionally, Third-Party Money Managers, product sponsors and outside investment advisory firms may offer gifts and entertainment opportunities to our Financial Advisors and/or personnel. Such gifts and entertainment may be dinner, sporting events, concerts and the like. Argentus requires that these gifts are reported, so that we have an understanding of what is being offered and seek to ensure that there is no undue influence or extravagance. Even though Argentus maintains a Code of Ethics and policies and procedures designed to mitigate these conflicts, these gifts are permitted and by their very nature present a potential conflict of interest.

### **Political Contributions**

Argentus permits its Financial Advisors and personnel to contribute to politicians and political parties. Argentus maintains policies and procedures designed to mitigate any influence such contributions may present and to keep the firm in compliance with the industry's "Pay to Play" rules. Political contributions could create the perception that Argentus or its Financial Advisors are seeking quid pro quo.

### **Other Fees and Expenses You May Incur**

The total advisory fees you pay and other costs associated with your account impact the overall performance of your portfolio. It is important to review these costs with your Financial Advisor when making your advisory and investment decisions. Costs may include, but are not necessarily limited to:

**Internal Expenses** – Internal management fees and other expenses charged by mutual funds, variable annuities and other investment product sponsors (also known as internal expenses). All mutual funds and variable annuity products, as well as, other pooled investments such as hedge funds, REITs and other alternative investments charge a fee for the management and operations of their offerings. These fees impact the overall investment performance of your portfolio.

**Brokerage Account Fees** – Argentus offers its services on various broker-dealer and custodial platforms. Each broker-dealer and/or custodian assesses different account, service and transaction charges such as, transaction fees, wire fees, trade-away fees, statement and confirmation fees, etc. Please discuss these fees with your Financial Advisor and refer to your broker-dealer/custodial agreement for more information on these types of fees

**Short-Term Trading Redemption Fees** – Some pooled investments, such as mutual funds, impose short-term trading redemption fees as high as 2% for actively trading or exchanging in and out of their funds. This could affect your Financial Advisor's or any Third-Party Money Manager's ability to manage your portfolio, as the existence of these fees may cause Argentus, your Financial Advisor and/or the Third-Party Money Manager to delay placing trades to avoid incurring these expenses.

**Variable Annuity Riders and Contract Costs** – Variable annuities assess fees which may include, but are not limited to, annual base annuity M&E charges, optional benefit rider charges, underlying sub-account management fees and contract surrender charges.

**Rights of Accumulation** – Many mutual fund families offer rights of accumulation or other sales charge discounts. You should be aware that, for many fund families, shares held in advisory accounts are not counted towards rights of accumulation and, therefore, may not count towards sales discounts on other mutual fund purchases you make outside of your advisory account. You should consult the mutual fund's prospectus for more information regarding rights of accumulations and sales discount eligibility.

### **SOLICITORS**

Argentus may, from time to time, utilize solicitors to introduce potential clients to its services. Solicitors are typically registered as investment advisers with either the SEC or the appropriate state authority and may provide some level of advice such as suitability and/or risk tolerance assessment. A solicitor is



not involved in the actual asset management of the client's account. Solicitors share in the advisory fees paid by the client, however, the client is not paying any more for advisory services than he or she would if there were no solicitor involved. Solicitors are required to provide clients with a Solicitors Disclosure Statement, which elaborates on the solicitor's role and the relationship between the solicitor and Argentus.