

## **FORM ADV PART 2A**

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**September 2017**

**This brochure provides information about the qualifications and business practices of Ascendant Financial Solutions, Inc. If you have any questions about the contents of this Brochure, please contact us at (928) 774-9598 and/or Tamara Kinney at [Tamara@ascendant-financial.com](mailto:Tamara@ascendant-financial.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 Ascendant Financial Solutions, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any references to Ascendant Financial Solutions, Inc. as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

## **Item 2 - MATERIAL CHANGES**

### **Item 4**

Removed reference to the First Affirmative portfolios and added Socially Responsible Portfolios and the AFS DFA Sustainable 70/30 model portfolio and the Rockwell Liquid Alternative.

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At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was February 2017.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year, which is December 31st. We may further provide other ongoing disclosure information about material changes as necessary.

Additionally, we will further provide you with a new brochure as necessary based on change or new information, at any time, without charge.

Our brochure may be requested free of charge by contacting Tamara Kinney at (928) 774-9598 and/or [Tamara@ascendant-financial.com](mailto:Tamara@ascendant-financial.com). Additional information about Ascendant Financial Solutions, Inc. is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The website also provides information about any persons affiliated with Ascendant Financial Solutions, Inc. who are registered, or are required to be registered, as investment adviser representatives of Ascendant Financial Solutions, Inc.

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#### **Item 4 - ADVISORY BUSINESS**

Ascendant Financial Solutions, Inc. (hereinafter referred to as “Ascendant”) is an investment advisory firm offering a variety of advisory services customized to your individual needs.

Ascendant was created in 1996. James D. Hoyt is President of Ascendant and sole owner.

Ascendant offers the following advisory services. Each of the services is more fully described below.

- Investment By Design™ - an Asset Management Program
- Financial Planning and Consulting Services

Ascendant tailors the advisory services it offers to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities.

Ascendant will ask you to complete a new account form to assist Ascendant with obtaining information about your current financial situation and a Risk Questionnaire. Additionally, your Advisory Representative will meet with you and conduct an interview and data gathering session to continue to learn about your financial situation, goals and objectives. The information gathered by Ascendant will assist Ascendant to provide you with the requested services and customize the services to your financial situation. Depending on the services you have requested, Ascendant will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Financial needs
- Cost of living needs
- Savings tendencies
- Other applicable financial information required by Ascendant in order to provide the investment advisory services requested.

Ascendant does not participate in any wrap fee programs.

As of December 31, 2016, we have approximately \$125,940,000 of client assets under our discretionary management. Ascendant does not have assets under management on a non-discretionary basis.

#### **Investment By Design™**

Ascendant has designed and offers various model portfolios:

- AFS DFA 0/100
- AFS DFA 20/80
- AFS DFA 40/60
- AFS DFA 60/40
- AFS DFA 80/20

## Ascendant Financial Solutions, Inc.

- AFS DFA 100/0
- AFS DFA Sustainable 0/100
- AFS DFA Sustainable 20/80
- AFS DFA Sustainable 40/60
- AFS DFA Sustainable 60/40
- AFS DFA Sustainable 70/30
- AFS DFA Sustainable 80/20
- AFS DFA Sustainable 100/0
- Rockwell Liquid Alternative
- Socially Responsible Investing 40/60
- Socially Responsible Investing 60/40
- Socially Responsible Investing 70/30
- Socially Responsible Investing 85/15

After evaluating your information, Ascendant will determine which of its model portfolios would be most suitable for you. From there, Ascendant customizes your portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time and your financial situation, goals, and objectives.

Adviser primarily uses open-ended mutual funds (no-load and load waived or mutual funds purchased at net asset value (NAV)) and exchange traded funds (ETFs). Additionally, Ascendant provides management of the sub-accounts of variable annuities. However, managed accounts are not exclusively limited to mutual funds and ETFs and may include stocks and bonds which are typically transferred or requested by you and exchange traded funds (ETFs).

You are advised transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

Ascendant provides continuous and ongoing management of your account. Ascendant will manage your accounts on a discretionary basis; therefore, Ascendant will make changes to the allocation as deemed appropriate by Ascendant. Ascendant will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you. Ascendant may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods. Discretionary authority will be granted by you to Ascendant by execution of the Asset Management agreement.

As further described below under Brokerage Practices, Ascendant has entered into a relationship to offer you brokerage and custodial services through Schwab Institutional division of Charles Schwab & Co., Inc. (“Schwab”) and on a limited basis (i.e. limited to participants in work place savings plans) with Fidelity Investments (“Fidelity”). There is no affiliation between Ascendant and Schwab or Fidelity.

If you select another brokerage firm for custodial and/or brokerage services will not be able to participate in Ascendant’s Investment By Design™ program. Advisory representatives registered with Ascendant are dually registered with a broker/dealer, Gēneos Wealth Management, Inc., member FINRA and SIPC. Advisory Representatives must adhere to FINRA rules and regulations and the

policies and procedures of Gēneos. Gēneos policies and procedures and FINRA have a rule that prohibits representatives from conducting transactions at a broker/dealer for which approval has not been obtained from Gēneos.

## **Financial Planning and Consulting Services**

Ascendant offers two levels of planning services.

### *Level I*

You may request an analysis and consultation on one or more specific areas. Ascendant offers financial planning and consulting services based upon your needs. Such services may include:

- Retirement planning
- Business succession planning
- Asset allocation recommendations
- Estate planning
- Tax and cash flow analysis
- Personal finance
- Comprehensive Financial Planning

Ascendant will schedule a meeting with you and present the analysis of your situation and recommendations for steps to be taken to assist you to work toward financial goals.

### *Level II*

Ascendant offers a Wealth Management Consultative Process.

1. Investment Consulting
  - Risk evaluation
  - Asset Allocation
  - Investment Policy Statement building and review
  - Portfolio Evaluation and Strategy
2. Advanced Planning
  - Wealth Enhancement process (tax and cash flow planning)
  - Wealth Transfer process
  - Risk Mitigation process
3. Relationship Management

The process is an in-depth process geared toward assisting the client to identify their financial goals and creating a plan to assist the client toward working toward the goals. The process will typically involve five to six meetings and will be completed within six months.

Planning and consulting services are based on your financial situation at the time and are based on financial information disclosed by you to Ascendant. You are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance.

Ascendant cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify Ascendant promptly of the changes. You are advised that the advice offered by Ascendant may be limited and is not meant to be comprehensive. Therefore, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

You are not obligated to implement advice through Ascendant or Advisory Representatives. Should you implement the plan with Ascendant's Advisory Representatives commissions or other compensation may be received in addition to the advisory fee paid to Ascendant.

### **General Information**

You are advised the investment recommendations and advice offered by Ascendant are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform Ascendant promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify Ascendant of any such changes could result in investment recommendations not meeting your needs.

### **IRA Rollover Considerations**

As part of our consulting and advisory services, we may provide you recommendations and advice concerning your employer retirement plan or other qualified retirement account. Our recommendations may include you consider withdrawing the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA"). Further, we offer our management services be applied to those funds and securities rolled into an IRA or other account for which we will receive compensation. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as described above under Item 5. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by us.

It is important for you to understand many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.
2. Move the funds to a new employer's retirement plan.
3. Cash out and taking a taxable distribution from the plan.

4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage it is important you understand the following:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
  - c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. In the event your plan offers asset management or model management, there may be a fee associated with the services that is more or less than our asset management fee.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may offer financial advice, guidance, and/or model management or portfolio options at no additional cost.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5 (70 ½).
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.



## Item 5 - FEES AND COMPENSATION

### Investment By Design™

Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

Advisory fees will be charged in advance of each calendar quarter. The quarterly advisory fee will be calculated based on the value of your account on the last business day of the just completed calendar quarter. If your account is established during a calendar quarter the initial quarterly fee will be a pro-rated portion of the fee based on the number of days remaining in the calendar quarter.

Fee adjustments will be made for additional deposits and transfers to the account and for withdrawals from the account during a calendar quarter if the amount is \$100,000 or more. However, no fee adjustments are made for additional deposits, transfers, or withdrawals the last 30-days of any calendar quarter. No fee adjustments will be made for Account appreciation or depreciation.

#### *New Fee Schedule as of June 2011*

Maximum Annual fee of 1.5% for all managed accounts except accounts using the Socially Responsible Model

Socially Responsible Model Maximum Annual Fee – 1.70%

The client and the Advisory Representative may agree to a lower fee.

The fee calculation formula used by Ascendant will depend on the custodian you have selected.

Assets custodied at Schwab

Quarter end account value x Management fee / 365 (days) x number of days in the quarter = Quarterly fee

For interim billing:

Quarter end account value x Management fee / 365 (days) x number of days to be billed in the quarter = fee you will be charged

Assets custodied at Fidelity

Quarter end account value x Management fee / 4 = Quarterly fee

For interim billing:

Quarter end account value x Management fee / 365 (days) x number of days to be billed in the quarter = fee you will be charged

AXA Annuities

Quarter end account value x Management fee / 4 = Quarterly fee

For interim billing:

Quarter end account value x Management fee / 365 (days) x number of days to be billed in the quarter = fee you will be charged

## Ascendant Financial Solutions, Inc.

Ascendant aggregates or households all of your managed accounts together to determine your quarterly fee (limited to a household). For example, if you have four managed accounts with a value as of the just completed calendar quarter of: \$101,569.40, \$355,498.46, \$675,879.50, and \$74,301.12 with a total value of \$1,207,248.48, your fee will be calculated as follows.

First \$1,000,000 x 1.5% =	\$15,000
Balance of \$207,248.48 x 1% =	<u>\$2,072.48</u>
Annual Fee	\$17,072.48

Quarterly fee based on assets custodied at Schwab  
 $\$17,072.48 / 365 - \$46.77 \text{ per day} \times 92 \text{ days} = \$4,302.84$

Ascendant may change the above fee schedule upon 30-days prior written notice to you.

In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by Ascendant and are charged by the product, broker/dealer, or account custodian. Ascendant does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with Ascendant and are compensation to the fund-manager.

Schwab or Fidelity accounts may be suitable for clients with a more passive trading strategy who wish to unbundle the transaction costs from advisory and custodian costs. Additionally, Schwab offers a program (Schwab Mutual Fund OneSource) through which transactions in certain mutual funds can be conducted with no transaction fees. Therefore, clients' trading costs may be controlled. However, transactions conducted through the Schwab Mutual Fund OneSource program must be held for 30 to 90 days, depending on how the trade is transacted, to avoid any early redemption charges. Fidelity has a similar program with similar restrictions.

Advisory fees will generally be collected directly from your account, provided you have given Ascendant written authorization. You will be provided with an account statement reflecting the deduction of the advisory fee direct from the account custodian. If the Account does not contain sufficient funds to pay advisory fees, Ascendant has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to Ascendant, except for ERISA and IRA accounts.

Ascendant recommends mutual funds that pay 12b-1 fees and no-load funds. Advisory Representatives will not receive 12b-1 compensation as a result of mutual fund transactions conducted through Schwab or Fidelity.

You may purchase the securities some but not all of the recommended by Ascendant directly or through other brokers or agents not affiliated with Ascendant.

### Termination Provisions

You may terminate investment advisory services obtained from Ascendant, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with Ascendant. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate management services upon Ascendant's receipt of your written notice to terminate. Should you terminate investment advisory services during calendar quarter, you will be issued a pro-rated refund of the advisory fee from the date of termination to the end of the calendar quarter.

### **Financial Planning and Consulting Services**

You are advised that fees for planning services are strictly for planning services. Therefore, you may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Fees are negotiable. Your fees will be dependent on several factors including time spent with Ascendant, number of meetings, complexity of your situation, amount of research, services requested and staff resources.

<b>Fee Type</b>	<b>Maximum Fee</b>	<b>Payable</b>
<i>Level I</i> Fixed Fee	\$250 to \$10,000	You will be provided a quote of the anticipated fee prior to the advisory contract being executed.  Payable one-half (1/2) upon execution of the advisory agreement with Ascendant and the balance due at the time of presentation of the plan, unless otherwise negotiated with you.
<i>Level II</i> Wealth Management Consultative Process	\$2,500 to \$10,000	Your fee will be determined based on a number of factors including: the complexity of your situation, number of meetings, staff resources, number of professionals involved, research, special situations, etc.  The fee is due in full upon execution of the advisory agreement.

Some Financial Planning services may be provided if assets are managed by Ascendant Financial Solutions, Inc.

You are not obligated to implement the financial plan through Ascendant or its Advisory Representatives. However, should you elect to implement the financial advice through Ascendant and its Advisory Representatives; Ascendant will continue to be available for an hourly fee ranging from \$75 to \$250 per hour for implementation services, subsequent evaluation, additional analysis, and other requests for financial advice. Upon Ascendant determining the extent of the additional services, client will be provided with a quote of estimated time. Generally, one-half (1/2) of the

estimated fee is due to Ascendant upon execution of the advisory agreement and the balance due upon completion of the services.

#### Termination Provisions

You may terminate advisory services obtained from Ascendant, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with Ascendant. Thereafter, you may terminate investment advisory services upon Ascendant's receipt of your written notice to terminate. You will be responsible for any time spent by Ascendant. Any refund of pre-paid fees will be calculated based upon work already completed and time spent on your case.

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

This section is not applicable to Ascendant since Ascendant does not charge performance based fees.

### **Item 7 - TYPES OF CLIENTS**

Ascendant's services are geared toward individuals both high net worth (i.e. clients with a net worth of \$2,000,000) and other than high net worth, trusts, estates, or charitable organizations, pension and profit sharing plans, and corporations or other business entities.

### **Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Ascendant utilizes both tactical allocation and strategic asset allocation. Tactical allocation involves following a price trends with a long-term focus rather than staying fully invested and rotating the portfolio structure. Tactical allocation models involve the movement of an asset class to cash (money market) when the price trends turn negative. Strategic asset allocation models stay fully invested and involve the rotation of the portfolio structure.

The methods of analysis and strategies Ascendant employs to manage accounts and provide advice include a combination of fundamental asset class valuation for strategic decisions and technical for the tactical portion. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns.

Generally Ascendant Financial Solutions, Inc. follows modern portfolio theory as a guide to construct portfolios from asset class, risk, and diversification standpoints. If a custom portfolio is needed a fundamental approach is used. Custom portfolios are created under very unique circumstances. Ascendant purchases investment models for the Socially Responsible model portfolio options offered by Ascendant from a model provider.

You are advised investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by Ascendant will require you to be prepared to bear the risk of loss and fluctuating performance.

Ascendant rebalances when portfolios dictate that a rebalance is necessary to bring risk back to agreed upon parameters.

Ascendant does not represent, warrant or imply that the services or methods of analysis used by Ascendant can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by Ascendant will provide a better return than other investment strategies.

As stated above in Item 5, Ascendant primarily uses mutual funds and exchange traded funds (ETFs). Further, Ascendant will manage the sub-accounts of variable annuities. The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and fund straying from its objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's Web site. At the client's request at any time Ascendant will direct the client to the appropriate Web page to access the prospectus.

ETFs trade on an auctionable market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day. Also, since most ETFs only mirror a market index, such as the S&P 500, they won't outperform the index.

Variable annuity management is restricted to the sub-accounts offered by the variable annuity. Some annuity products limit the number of allocations or transactions conducted and can assess additional fees. It is important you read the variable annuity prospectus for costs.

The risks associated with socially responsible investing include: costs are often higher, limitations on investment options that can impact performance and diversification, socially responsible investing can involve differing opinions on what is and is not suitable and the screens used may not completely eliminate a particular sector that would be deemed by a client as not socially responsible.

## **Item 9 - DISCIPLINARY INFORMATION**

There is no reportable disciplinary information required for Ascendant or its management persons that is material to your evaluation of Ascendant, its business or its management persons.

## **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

- A. As previously stated, Advisory Representatives are dually registered as an advisory representative of Ascendant and as a registered representative of Gëneos Wealth Management,

Inc. (“Gěneos”). You are under no obligation to purchase or sell securities through your Advisory Representative. However, if you choose to implement the plan, commissions may be earned in addition to any fees paid for advisory services. Commissions may be higher or lower at Gěneos than at other broker/dealers. Advisory Representatives may have a conflict of interest in having you purchase securities and/or insurance related products through Gěneos in that the higher their production with Gěneos the greater potential for obtaining a higher pay-out on commissions earned.

Under the rules and regulations of the FINRA, Gěneos has an obligation to perform certain supervisory functions regarding certain activities engaged in by advisory representatives who are also registered representatives of Gěneos. For such supervisory functions, Ascendant may pay Gěneos a portion of the advisory fees they receive. Gěneos and Ascendant are not affiliated.

Ascendant attempts to mitigate the conflicts of interest with the potential receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and may implement recommendations through other financial professionals. Furthermore, as a registered representative with Gěneos, Advisory Representatives are subject to a supervisory structure at Gěneos for his securities business.

B-C. Ascendant is not and does not have a related person who is a: futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Further, Ascendant is not and does not have a related person who is: broker/dealer or other similar type of broker or dealer; investment company or other pooled investment vehicle, other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

## **Item 11 - CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

A. Ascendant has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. Ascendant takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as Ascendant’s policies and procedures. Further, Ascendant strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with Ascendant’s Privacy Policy. As such, Ascendant maintains a code of ethics for its Advisory Representatives, supervised persons, and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, Ascendant’s Code of Ethics

establishes Ascendant's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

- B. Neither Ascendant nor its associated persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest.
- C. Ascendant and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, Ascendant and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. Ascendant and its associated persons will not put their interests before your interest. Ascendant and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.
- D. Ascendant is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

You have the right to decline any investment recommendation. Ascendant and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

## **Item 12 - BROKERAGE PRACTICES**

As previously stated, Advisory Representatives are also registered representatives of Gëneos. As a result, they are subject to FINRA Conduct Rule 3040 which may restrict them from conducting securities transactions away from Gëneos unless Gëneos provides them with written authorization. Advisory Representatives have obtained approval to offer you the ability to maintain accounts through Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, member SIPC and Fidelity Brokerage Services, LLC ("Fidelity"), a registered broker/dealer, member SIPC. Ascendant is independently owned and operated and not affiliated with Schwab or Fidelity.

If you elect to implement any advice offered by Ascendant on a commission basis, the broker/dealer used must be Gëneos.

Not all investment advisers require you to maintain accounts at a specific broker/dealer. You are advised you may maintain accounts at another broker/dealer. However, the services provided by Ascendant will be limited to only advice and will not include implementation. If you select another brokerage firm for custodial and/or brokerage services, you will not be able to receive asset management services from Ascendant.

### *How We Select Brokers/Custodians*

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “*Products and Services Available to Us From Schwab*”)

### *Services That Benefit You.*

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

### *Services That May Not Directly Benefit You.*

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts
- Assist with back-office functions, recordkeeping, and client reporting

### *Services That Generally Benefit Only Us.*

Schwab and Fidelity offer other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events



## Ascendant Financial Solutions, Inc.

- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab and Fidelity may provide some of these services. In other cases, they will arrange for third-party vendors to provide the services to us. Schwab and Fidelity may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab and Fidelity may also provide us with other benefits, such as occasional business entertainment of our personnel.

You are advised there is an incentive for Ascendant and the Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

Ascendant may aggregate ("bunch") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. Adviser conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day within the block trade. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated on a random basis. Under certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

### **Schwab**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$50 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "*How We Select Brokers/Custodians*").

### *Products and Services Available to Us From Schwab*

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others

help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$50 million of their assets in accounts at Schwab. If our clients collectively have less than \$50 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200.

#### *Our Interest in Schwab's Services*

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$50 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$50 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us. We have over \$100 million in client assets under management, and we do not believe that recommending our clients to collectively maintain at least \$50 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

From time-to-time Advisor may make an error in submitting a trade order on your behalf. When this occurs, Advisor may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

#### **Fidelity**

Retirement accounts for University employees must be established with a custodian chosen by the Arizona Board of Regents. Fidelity is not suggested as a custodian to clients outside of the University retirement plan structure. Ascendant believes suggesting one custodian provides clients and Ascendant with more effective trading, the ability to conduct block transactions more efficiently and manage accounts more effectively. University retirement accounts at Fidelity may not receive the same execution since aggregated or block transactions are not possible. Therefore, fill prices may differ from account to account.

### **Item 13 – REVIEW OF ACCOUNTS**

If you are participating in the Investment By Design™ program you will be invited to participate in not less than an annual review. More frequent reviews will be conducted at your request. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Ascendant will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

If you are participating in Financial Planning and Consulting Services, reviews will be conducted upon your request. Ascendant suggests you participate in a review at least annually. It is important to update your financial plan or analysis to take into account any changes.

Reviews are conducted by the Advisory Representative you have selected. The following individuals participate in reviews: James Hoyt, President, Jason Dittberner, Advisory Representative, Timothy Ruecker; Advisory Representative, Keith Todhunter-Schaafsma, Advisory Representative, Eric Souders, Advisory Representative, Aaron Obenberger, Solicitor, Doug Rader, Solicitor, Brad Tennison, Solicitor, Kirk Wilson, Solicitor, and Victoria Wilson, Solicitor.

You are advised that you must notify your Advisory Representative or solicitor promptly of any changes to your financial goals, objectives or financial situation as such changes may require him review the portfolio allocation and make recommendations for changes.

You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian. At least quarterly a consolidated report of your managed account is available. The availability of the report is electronic and you access the report directly. You should compare the report with statements received direct from the account custodian. Should there be any discrepancy the account custodian's report will prevail. You may request more frequent reports from Ascendant upon request.

### **Item 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

Product vendors recommended by Ascendant may provide monetary and non-monetary assistance with client events, provide educational tools and resources. Ascendant does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. Ascendant's due diligence of a product does not take into consideration any assistance it may receive. Therefore, this is not considered a conflict of interest but a benefit for you and Ascendant.

Ascendant receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Additionally, Gëneos offers incentives to attend certain conferences based on achieving production thresholds. There is no requirement to sell a certain product or amount of a specific product.

Qualification for trips and conferences is based on overall production and meeting the production levels determined by Gēneos. If the thresholds are satisfied, Gēneos can cover certain travel and conference costs.

Ascendant may enter into arrangements with individuals (“Solicitor”) whereby the Solicitor will refer clients who may be a candidate for investment advisory services to Ascendant. In return, Ascendant will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with Ascendant for advisory services. Compensation to solicitor will be an agreed upon percentage of Ascendant’s advisory fee. Ascendant’s referral program is in compliance with the federal regulations as set out in 17 CFR Section 275.206(4)-3. The solicitation/referral fee is paid pursuant to a written agreement between Ascendant and the Solicitor. The Solicitor will be required to provide the client with a copy of this Disclosure Brochure and a Solicitor Disclosure brochure prior to or at the time of entering into any investment advisory contract with Ascendant. A referred client’s advisory fee will not be increased as a result of compensation being shared with Solicitor.

All Solicitors must be registered with a registered investment adviser. The Solicitor will be the main contact with the client and will assist the client to determine whether or not the client is suitable for the advisory services offered by Ascendant. Additionally, the Solicitor must meet with the client periodically to review the client’s account and communicate to Ascendant any changes to the client’s financial situation.

## **Item 15 - CUSTODY**

With the exception of deduction of Ascendant’s advisory fees from your accounts, Ascendant does not take custody of your funds or securities.

## **Item 16 – INVESTMENT DISCRETION**

You grant Ascendant authorization to manage your account on a discretionary basis. You will grant such authority to Ascendant by execution of the advisory agreement. If you elect to terminate discretionary authorization at any time, Ascendant will terminate management services.

Additionally, you are advised that:

- 1) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- 2) Ascendant requires the use of the broker/dealer with which your Advisory Representative is registered for sales in commissionable mutual funds or variable annuities, if you elect to implement recommendations through your Advisory Representative;
- 3) With the exception of deduction of Ascendant’s advisory fees from the account, if you have authorized automatic deductions, Ascendant will not have the ability to withdraw your funds or securities from the account.
- 4) Ascendant does not have the authority to determine the commission rates a client may pay.

**Item 17 – VOTING CLIENT SECURITIES**

Ascendant does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact Ascendant about questions you may have an opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

**Item 18 – FINANCIAL INFORMATION**

Ascendant will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.