

Retirement Capital Strategies, Inc.

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Contact: Michael Philipp, Chief Compliance Officer
1190 Saratoga Avenue, Suite 140
San Jose, California 95129
www.rcsadvisor.com

This brochure provides information about the qualifications and business practices of Retirement Capital Strategies, Inc. If you have any questions about the contents of this brochure, please contact us at (408) 551-6100 or mike.philipp@rcsadvisor.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 Retirement Capital Strategies, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Retirement Capital Strategies, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

The previous version of this brochure (“Brochure”) for Retirement Capital Strategies, Inc. (“Registrant”) was dated June 2016. This Brochure has been changed materially since Registrant’s previous filing, and as such, Registrant strongly encourages clients and prospective clients to review this Brochure in its entirety very carefully and to call us with any questions you may have. Particular attention should be paid to the following material changes:

- **Item 4 – Advisory Business:** Updated to: (i) clarify that Registrant does not offer non-discretionary advisory services, (ii) indicate that Registrant does not allocate client investment assets to independent managers, (iii) clarify Registrant’s process and procedures relating to private investment funds, including, among other things, valuation of such private funds, (iv) to clarify that Registrant does not invest in securities that are designed to perform in an adverse or enhanced relationship to certain market indices, (v) to clarify certain aspects of its Trade Error Policy, and (v) to update Registrant’s assets under management as of 12/31/2016.
- **Item 5 – Fees and Compensation:** Updated to (i) provide additional information and clarification about calculation of investment management fees charged by Registrant and other fee practices, (ii) clarify Registrant’s procedure regarding aggregation of client accounts for billing purposes, (iii) indicate that Registrant will recommend a certain broker-dealer/custodian for client accounts and provide additional information about same, (iv) clarify and provide details regarding Registrant’s investment representatives and commission transactions, (v) provide information about employees who act as registered representatives of a broker-dealer.
- **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss:** Updated to: (i) provide additional details relating to Registrant’s methods of analysis and investment strategies, and (ii) set forth additional details and disclosures relating to risks associated with Registrant’s investment strategies.
- **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading:** Updated to (i) add disclosures regarding Registrant’s (and its related person’s) investment in the same securities as clients and (ii) clarify certain procedures under Registrant’s Code of Ethics.
- **Item 12 – Brokerage Practices:** Updated to (i) amend information about the broker-dealer/custodian that Registrant recommends and describe certain aspects of that relationship, (ii) clarify the benefits Registrant receives in relation to that broker-dealer/custodian relationship, (iii) amended disclosures regarding Registrant’s policy relating to aggregated purchases and sales of securities for client accounts, (iv)
- **Item 13 – Review of Accounts:** Updated to clarify Registrant’s account review procedures.
- **Item 15 – Custody:** Added a disclosure encouraging clients to carefully review the account statements received from qualified custodians, updated information about client account reporting.

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Item 4 **Advisory Business**

- A. Retirement Capital Strategies, Inc. (the “Registrant”) is a corporation formed on November 27, 2002 in the State of California. The Registrant became registered as an Investment Adviser Firm in 2005. The Registrant is majority owned by Michael Philipp.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management between negotiable and 1.80%.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant’s planning and consulting fees are negotiable, but generally range from \$250 to \$2,500 on a fixed fee basis, and from \$125 to \$325 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant’s representatives in their individual capacities as registered representatives of a broker-dealer and/or licensed insurance agents. (*See* disclosure at Item 10 C.1 and Item 10 C.8). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant’s previous recommendations and/or services.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. To the extent requested by the client, the Registrant *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant, and no portion of the Registrant’s services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including

representatives of the Registrant in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Private Investment Funds. Registrant may provide investment advice regarding unaffiliated private investment funds. The Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence in connection with Registrant's financial planning and consulting services. If a client determines to become a private fund investor, Registrant's investment adviser representatives will work with the client, if the client so chooses, in the investment adviser representative's capacity as an LPL registered representative. The Registrant does not hold or place private fund investments in our Investment Advisory Services accounts. . **Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).**

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Trade Error Policy. Registrant shall reimburse accounts for losses resulting from the Registrant's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled with the Registrant's qualified custodian ("Custodian") and the Custodian retains the net gains and the Registrant pays the losses.

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Financial Planning and Consulting Agreement*.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2016, the Registrant had \$191,547,042 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee* basis. As described in greater detail below, Registrant charges fees based on a percentage of assets under management, and the specific fees charged by Registrant for its advisory services will be set forth in each client's written agreement. Fees charged by Registrant are negotiable the sole discretion of Registrant, and arrangements with any particular client may differ from those described below. In addition, for family and friends of Registrant, Registrant may, in its sole discretion, reduce or waive fees in their entirety.

Although Registrant believes its advisory fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

INVESTMENT ADVISORY SERVICES

Fees for asset management services will be assessed on an annual fixed-fee basis of up to 1.8% of a client's assets under management and will vary by engagement. The fixed fee will be determined by examining such factors as the aggregate amount of client assets managed by Registrant as well as the complexity of the client's affairs (which may reflect certain services which the client needs above and beyond normal portfolio management services such as estate, tax and insurance planning as well as specially tailored client services.). The client's exact fees, and how such fees are charged by RCS, shall be explicitly stated in the advisory agreement or an attachment thereof prior to services being provided.

Prior to engaging the Registrant to provide investment management services, you are required to enter into a formal investment advisory agreement with us setting forth the terms and conditions, including the amount of investment advisory fees, under which we manage your assets and also a separate custodial/clearing agreement with *LPL*.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis.

Registrant's planning and consulting fees are negotiable, but generally range from \$250 to \$2,500 on a fixed fee basis, and from \$125 to \$325 on an hourly rate basis, depending

upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Registrant's asset management fees are assessed quarterly, in advance, and calculated based on market value of client assets as of the close of business on the last business day of the calendar month. Generally, investment advisory fees will be automatically deducted from the client's account by the Custodian as soon as practicable following the end of each applicable period. Alternatively, clients may elect to have Custodian bill the client directly for advisory fees, in which case, payment is due upon receipt of the fee invoice. The Custodian shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. Should a client open an account during a quarter, Registrant's advisory fee will be prorated based on the number of days the account was open during the quarter. In the event Registrant's services are terminated mid-quarter, any paid, unearned fees will be promptly refunded to the client. The number of days the account was managed during the quarter until termination is used to determine the percentage of the advisory fee earned (based on the total number of days in the month) and the balance is refunded.
- C. Registrant requires that clients select LPL Financial ("LPL") to serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as LPL charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant does not require a minimum account size but does reserve the right to decline any potential client for any reason. The Registrant, in its sole discretion, may charge a lesser investment management and/or waive or reduce its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The custodian, LPL, delivers an account statement to the client at least quarterly, showing all disbursements, including advisory fees, deducted from the account. The client is encouraged to review all account statements for accuracy. It is the responsibility of the client and not the custodian to ensure the fees are calculated correctly.

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** Registrant and its investment adviser representatives do not receive commissions or 12b-1 trailing commission compensation relating to client advisory accounts. However, in the event that the client desires, the

client can engage Registrant's representatives, in their individual capacities, as registered representative of *LPL*, an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *LPL*, *LPL* will charge brokerage commissions to effect securities transactions, a portion of which commissions *LPL* shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by *LPL* may be higher or lower than those charged by other broker-dealers. In addition, *LPL*, as well as Registrant's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation, in the Registrant's representatives' separate capacities as *LPL* registered representatives, directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *LPL* presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer, Michael Philipp, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive revenue from advisory clients, through commissions or other compensation, relating to the sale of investment products the Registrant recommends to its clients.
4. Certain representatives of Registrant, in their individual capacities, are also registered representatives of *LPL*, an SEC registered and FINRA member broker-dealer. In this capacity, these individuals may transact in various types of securities or investment products and receive separate and typical compensation for doing so. Should a client elect to implement a securities transaction with such registered representatives of *LPL*, these individuals will receive commission revenue directly from *LPL* in their separate capacities as *LPL* registered representatives.
5. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services. **However**, a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, estates and charitable organizations. The Registrant does not require a minimum account size but does reserve the right to decline any potential client for any reason. The Registrant, in its sole discretion, may charge a lesser investment management and/or waive or reduce its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- A. Currently, the Registrant primarily allocates client investment assets among various mutual funds and/or exchange traded funds ("ETFs"), on a discretionary basis in accordance with the client's designated investment objective(s).

Registrant generally uses diversification in an effort to optimize the risk and potential return of a portfolio. More specifically, we expect to utilize multiple asset classes, investment styles, market capitalizations, sectors, and regions to provide diversification.

Registrant's general investment strategy is to seek a total return proportionate with the level of risk the client decides to take. We assist each client in developing an investment plan, by seeking to understand the client's general financial situation, investment objectives, liquidity needs, time horizon, return objective, and risk tolerance, as well as any special considerations and/or restrictions the client chooses to place on the management of the client accounts. Based on this information, we determine the securities that comprise each client's portfolio and then make investment strategy recommendations that are consistent with the client's investment plan.

Registrant offers several different investment strategy ("asset allocation") types for managing client accounts. Based on the client's investment plan, we will recommend managing the client's accounts in accordance with one or multiple asset allocation strategies.

Client portfolios with similar investment objectives and asset allocation goals may own the same or different securities. Income tax factors also influence Registrant's investment decisions (however, note that Registrant does not give tax advice).

Each portfolio will maintain a target asset allocation. Generally, we review client portfolios periodically to evaluate how closely the actual allocation matches the target allocation. When we consider the variance excessive, we will take appropriate actions (by buying or selling securities) to bring the actual allocation within acceptable range of the target allocation. We refer to this process as "rebalancing." The process of rebalancing offers a systematic process to buy or sell securities when investment categories (asset classes) vary from their target allocation.

B. Methods of Analysis for Selecting Securities

In analyzing mutual funds and exchange-traded funds ("ETFs"), Registrant may will use various sources of information, including data provided by Morningstar, Inc., a mutual fund company's website, and other online and subscription resources. We cannot guarantee that any such strategy or analysis will prove profitable or successful.

C. General Risks of Owning Securities

Prior to opening an account with Registrant, each client should carefully consider:

- That investing in securities involves risk of loss, which clients should be prepared to bear;
- That securities markets experience varying degrees of volatility;
- That over time, the client's assets may fluctuate and at any time be worth more or less than the amount invested; and
- That clients should only commit assets that are long-term in nature, typically a minimum of a ten-year time horizon.

We do not guarantee that any investment strategy will meet its investment objectives or that an account will not suffer losses.

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds and ETFs in

a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income. For additional risk information please see appropriate mutual fund and ETF prospectuses

Risks of Securities

When investing in mutual funds and ETFs, investors have literally thousands of choices. Most mutual funds and ETFs fall into one of three main categories: money market funds, bond funds (also called "fixed income" funds), and stock funds (also called "equity" funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

Exchange-Traded Funds (ETFs)

An ETF is a type of investment company (usually, an open-end fund or unit investment trust) containing a basket of stocks or bonds that usually tracks a specific index or sector. An ETF is similar to an index mutual fund in that it will primarily invest in securities of companies that are included in a selected market index or that fall into a particular sector. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock and bond mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track specific sectors. An investment in an ETF could lose money over short or even long periods. You should expect the ETFs share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market.

Mutual Funds (Open-end Investment Companies)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the mutual fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the funds per share net asset value (NAV) plus any shareholder fees that the fund imposes. An investment in a mutual fund could lose money over short or even long periods. You should expect the fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market.

Bond Mutual Funds and Bond ETFs

Unlike money market funds, the applicable regulatory rules (which include those promulgated by the SEC) do not restrict bond funds and bond ETFs to high quality or short-term investments. Because there are many different types of bonds, bond funds and bond ETFs can vary dramatically in their risks and rewards. Some of the risks associated with bond funds and bond ETFs include, among others:

Interest Rate Risk

Interest rate risk refers to the risk that the market value of bonds will go down when interest rates go up. Because of this risk, investors can lose money in any bond fund or Bond ETF. Interest rate risk applies to investments in insured bonds and U.S. Treasury Bonds. Longer-term bonds tend to have higher interest rate risks.

Credit Risk

Credit risk refers to the risk that companies or other issuers may fail to pay their debts (including the debt owed to holders of their bonds). Consequently, this affects, mutual funds and ETFs that hold these bonds. Credit risk is less of a factor investments including insured bonds or U.S. Treasury Bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.

Prepayment Risk

Issuers may choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer may decide to “retire” its debt and issue new bonds that pay a lower rate. When this happens, proceeds from the sale of individual bonds or a bond fund may not be able to be reinvested the proceeds in an investment with as high a return or yield.

Stock Mutual Funds and Stock ETFs

A stock mutual fund and stock ETF’s values can rise and fall quickly (and dramatically) over short or even long periods. You should expect a stock mutual fund’s and a stock ETF’s share price and total return to fluctuate within a wide range. Overall stock market risk poses the greatest potential danger for investors in stock mutual funds and stock ETFs. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Stock prices can fluctuate for a broad range of reasons—such as the overall state of the economy or demand for particular products or services. Some other risks associated with various types of stock funds include, among others:

Small Cap Funds

Stock mutual funds that invest in stocks of small companies involve additional risks. Smaller companies typically have higher risk of failure, and are not as established as larger companies. Historically, smaller company stocks have experienced a greater degree of market volatility than the overall market average.

International Funds

Stock mutual funds that invest in foreign securities involve special additional risks. International investments are subject to stock market risk as well as additional risks, including currency fluctuation, political instability, country/regional risk, and potential illiquid markets.

Emerging Market Funds

Emerging market investments involve stock market risk and the same risks as international investments. Investing in emerging markets may accentuate those additional risks.

Real Estate Investment Trust (“REIT”) Funds

REIT Funds include REITs within the underlying fund holdings. REITs primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development, and/or long-term mortgage loans. REIT investments include illiquidity and interest rate

Other Holdings

Occasionally, it will be decided to keep some of the portfolio assets that existed before the management account was established. These other investments may include: Common Stock, Preferred Stock, Individual Bonds and Certificates of Deposit

Registrant does not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representative of LPL.** As disclosed above in Item 5.E, Registrant’s representatives are also registered representatives of *LPL*, an SEC Registered and FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

C.

Registered Representatives of Broker-Dealer. As disclosed above in Item 5.E, Registrant’s representatives are registered representatives of *LPL*, an SEC registered and FINRA member broker-dealer. Clients can choose to engage Registrant’s representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

Licensed Insurance Agents. Certain of Registrant’s representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant’s representatives to effect insurance transactions on a commission basis.

- **Conflict of Interest:** The recommendation by Registrant’s representatives that a client purchase a securities or insurance commission product presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client’s need. No client is under any obligation to purchase any commission products from Registrant’s representatives. Clients are reminded that they may purchase insurance products recommended by Registrant through

other, non-affiliated broker-dealers or insurance agents. **The Registrant's Chief Compliance Officer, Michael Philipp, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Registrant has adopted a Code of Ethics ("Code") which establishes standards of conduct for the Registrant's supervised persons and includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading and insider trading. It contains written policies reasonably designed to prevent the unlawful use of material non-public information by Registrant or any of its officers, directors, agents or employees. The Code also requires that certain of Registrant's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings. The Code and Registrant's Trade Aggregation and Allocation Policy, govern how Registrant's Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold on behalf of any of Registrant's clients.
- B. The Code also requires supervised persons to report any violations of the Code promptly to the Firm's Chief Compliance Officer ("CCO"). Each supervised person receives a copy of the Code and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code during that year.
- C. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- D. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- E. The Registrant, its related persons and/or representatives of the Registrant will buy or sell securities that are also recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells

it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period. Additionally, Access Persons are required to report all personal securities transactions to the Registrant within thirty (30) days of the end of every calendar quarter.

- F. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

Item 12 Brokerage Practices

- A. Clients wishing to implement our advice are free to select any broker/dealer they wish and are so informed. If clients wish to have our investment advisor representatives implement advice in their capacity as registered representative, *LPL* will be used. Our investment adviser representatives are registered representatives of *LPL* and are required to use the services of *LPL* when acting in their capacity as registered representatives. *LPL* has a wide range of approved securities products for which *LPL* performs due diligence prior to selection. *LPL*’s registered representatives are required to adhere to these products when implementing securities transactions through *LPL*. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. Because our investment adviser representatives are registered representatives of *LPL*, *LPL* provides compliance support to the Registrant’s associated persons. In addition to compliance support, *LPL* also provides the associated persons of the Registrant, and therefore the Registrant, with back-office operational, technology, and other administrative support.

If clients wish to implement the advice of the Registrant through the programs described in this Disclosure Brochure, *LPL* will be the broker/dealer and custodian required due to the Registrant’s associated persons’ relationships with *LPL*. Moreover, the Registrant may be limited in the broker/dealer or custodians that it is allowed to use due to the Registrant’s associated persons’ relationships with *LPL*. *LPL* may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

While there is no direct linkage between the investment advice given to clients and the Registrant's recommendation of *LPL*, economic benefits may be provided by *LPL* to the Registrant that will not be provided if the client selects another broker/dealer or account custodian. These benefits may include: negotiated costs for transaction implementation, a dedicated trade desk that services *LPL* participants exclusively, a dedicated service group and an account services manager dedicated to the Registrant's accounts, access to a real-time order matching system, electronic download of trades, balances and position information, access, for a fee, to an electronic interface with the account custodian's software, duplicate and batched client statements, confirmations and year-end reports.

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. However, due to our relationship with *LPL*, it is our policy that all accounts managed by the Registrant must be established through *LPL*. By directing clients to use a particular broker/dealer, *LPL*, the Registrant may not achieve the most favorable execution of client transactions and the practice requiring the use of *LPL* may cost clients more money than if the client used a different broker/dealer or custodian.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend *LPL* as broker-dealer/custodian, *LPL* offers to Registrant without cost (and/or at a discount) support services and/or products, certain of which are designed to assist the Registrant to better monitor and service client accounts maintained at *LPL*. Included within the support services that are offered to Registrant are investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

2. The Registrant does not receive referrals from broker-dealers.

The Registrant's Chief Compliance Officer, Michael Philipp, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for mutual funds, equities and fixed income positions in each client account will typically be effected independently. For ETF positions, the Registrant will decide to either implement transactions independently or decide to purchase or sell the same ETF securities for several clients at approximately the same time.

The Registrant may (but is not obligated to) aggregate or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such ETF orders been placed independently. Under this procedure, orders for ETFs across all model portfolios are bunched together. Registrant will execute the trade for such bunched orders once daily. If additional

aggregated trades are identified after this time, such trades will roll to the next day. Registrant may, in its sole discretion, deviate from such policies in such instances as extreme client need, large market fluctuations or other events deemed appropriate by Registrant. In such instances Registrant will document the reason for deviating from its typical aggregation trading process.

Registrant may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities and the discretionary or nondiscretionary nature of the trades. If the Registrant does not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the client's investment adviser representative. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant conducts account reviews on an other than periodic basis upon the occurrence of triggering events, which may include, but are not limited to, a change in client investment objectives and/or financial situation, account rebalancing and client request.
- C. Clients are provided, at least quarterly, with written or electronic transaction confirmation notices and regular written or electronic summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *LPL*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *LPL*.

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

The Registrant's Chief Compliance Officer, Michael Philipp, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

Item 15 Custody

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

The Registrant has established procedures to ensure all client funds and securities are held at a qualified custodian (i.e. LPL Financial) in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. **It is the Client's responsibility to carefully review those statements to verify the accuracy of the fee calculation; the Custodian will not determine whether the fees are properly calculated.** When clients have questions about their account statements, they should contact the Registrant or the qualified custodian preparing the statement.

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, Michael Philipp, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.