

# **CENTURION COUNSEL, INC.**

## **STRATEGIC ASSET ALLOCATION PROGRAM**

MARCH 2018

**1282 Pacific Oaks Place  
Escondido, CA 92029  
(760) 471-8536**

This wrap fee program brochure provides information about the qualifications and business practices of Centurion Counsel, Inc. and the Strategic Asset Allocation Program. If you have any questions about the contents of the brochure, please contact us at 760-471-8536. 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 Centurion Counsel, Inc. also is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## SERVICES, FEES & COMPENSATION

Centurion Counsel, Inc. ("Centurion") offers Strategic Asset Allocation ("SAA"), a comprehensive asset allocation and discretionary portfolio management program for institutional and individual investors. SAA provides portfolio design and implementation on a comprehensive basis.

Centurion manages the SAA program on a discretionary basis for institutional portfolios or individual clients who have specific objectives such as long-term growth or current income.

Centurion will charge the first investment management fee when funds are placed under management and then at the beginning of each quarter thereafter. The quarterly fee is based on the fee schedule agreed to by the client, multiplied by the market value of the account at the end of the previous quarter. The investment management fee may be deducted directly from the client's brokerage account. Each client will receive an invoice with their performance reports detailing the amount of the fee and the method of computation. Funds added to an existing SAA account will be charged a pro-rata fee. Under the SAA program, Centurion is not compensated on the basis of a share or percentage of the capital gain or appreciation in the client's SAA account.

The SAA maximum\* quarterly fee schedule is:

On the first	\$250,000	0.60%
On the next	\$250,000	0.55%
On the next	\$500,000	0.50%
On the next	\$1,000,000	0.40%
Thereafter		0.35%

\*Under certain circumstances, management fees may be negotiated between the client and Centurion.

Centurion has agreements with various broker/dealers and registered investment advisors ("solicitors") to refer clients to Centurion. The agreements provide that a percentage of the investment fee charged to the client will be paid to the solicitor, as disclosed in the SAA Program Agreement.

Participating in a wrap fee program may cost more or less than the cost of purchasing such services separately from a broker or dealer. The benefits under a wrap fee program depend, in part, upon the size of the client's account and the number of transactions likely to be generated in the account. For example, wrap fee accounts may not be suitable for accounts with little activity comprised principally of fixed income securities.

Generally, the client will not pay any securities commissions as they are paid by Centurion out of the investment management fee. However, a small administrative fee is charged on each stock, bond, and option transaction.

## **SERVICES, FEES & COMPENSATION - CONTINUED**

Clients may also pay other fees related to and imposed by issuers of certain investments, primarily mutual funds or other direct investments, if appropriate to meet the portfolio allocations.

If mutual funds are appropriate to meet the portfolio allocations, the client will pay their proportionate share of the mutual funds' management and administrative fees, sales charges, annual marketing or distribution fees, and may incur certain deferred sales charges on previously purchased mutual funds if transferred into the account. Further information regarding charges and fees assessed by a mutual fund is available in the appropriate prospectus. Centurion Counsel does not receive any portion of these fees.

For California Residents: Subsection () of Rule 260.238, California Code of Regulations requires that all investment advisors disclose to their advisory clients that higher or lower fees for comparable services may be available from other sources. Accordingly, the Advisor hereby discloses to clients that similar or same investment services may be available from other sources for higher or lower overall fees.

## **ACCOUNT REQUIREMENTS & TYPES OF CLIENTS**

The SAA Program is available for individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

The SAA Program requires a minimum account value of \$250,000, but under certain circumstances, the minimum account size may be lowered.

## **PORTFOLIO MANAGER SELECTION/EVALUATION**

Jack K. Heilbron is the Portfolio Manager/Chief Investment Officer for the SAA Program. The Chief Investment Officer and his staff, who are employees of Centurion, make all decisions regarding the purchase or sale of specific securities and monitor the execution of all trades. No fees paid by clients are paid to third parties for advice regarding the purchase or sale of specific securities. The Chief Investment Officer and his staff are compensated by a fixed salary or hourly wage that is not dependent upon fees received.

## **ADVISORY BUSINESS**

Centurion designs a comprehensive asset allocation discretionary portfolio management program for each qualified individual and institutional investor. The SAA program seeks to achieve specific risk limits and reward objectives for each individual client portfolio.

As the investment advisor, Centurion uses a variety of software programs that contain historic market performance and correlation to optimize a client's portfolio. These advisory tools help analyze risk and reward parameters of a prospective client's current portfolio prior to designing alternative portfolios that may have higher or lower risk and rewards. In some cases, the client's current portfolio may include assets which are integrated into the alternative portfolio options because they meet the optimized requirements, or the client has specified special social, religious, or philosophical limitations for the portfolio design. The client, whether individual or institutional, has the final authority to determine the risk and reward objectives as proposed by the alternative portfolios presented to the client.

## **PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT**

Centurion may in certain circumstances accept performance-based fees and may manage side-by-side accounts (accounts that are charged performance-based fees and accounts that are not charged these fees).

## METHODS OF ANALYSIS, INVESTMENTS STRATEGIES & RISK OF LOSS

Centurion seeks to achieve specific risk limits and reward objectives for each individual client portfolio. The underlying concept of SAA is Modern Portfolio Theory (“MPT”), which was developed in the 1950s by Professors Henry Markowitz (University of Chicago) and William Sharpe (Stanford University). MPT established that volatility of results could be reduced by portfolio diversification among asset classes that have negative correlation. MPT determined a method of diversification called optimization, which sought to provide the maximum long-term return for the lowest short-term volatility (risk) that an investor is willing to assume.

**Asset Allocation Style** – This management style focuses on relatively broad asset classes (i.e., stocks or bonds). The focus then will be made on identifying different classes of assets that have demonstrated different behavior characteristics from each other during various economic and capital market cycles. Different asset mixes provide alternative combinations of risk and reward.

## VOTING CLIENT SECURITIES

The language in the Advisory Agreement signed by each client authorizes the advisor to vote proxies with respect to any securities held in an account, in accordance with the advisor’s proxy voting policies in effect and as disclosed on our website, [www.centurioncounsel.com](http://www.centurioncounsel.com).

**Centurion Counsel Proxy Voting Procedures** Specific guidelines on how Centurion will vote proxies on behalf of the client:

**Auditors:** We will vote for proposals to ratify auditors unless any of the following apply: an auditor has a financial interest in association with the company, and is therefore not independent, it is not clear that the auditors will be able to fulfill their function, fees for non-audit services are excessive, or there is reason to believe the independent auditors have rendered an opinion that is neither accurate nor indicative of the company’s financial position.

**Board of Directors:** Votes for election of directors must be evaluated on a case-by-case basis, considering the following factors: long-term financial performance of the company relative to its industry, independence of the board and key board committees, management’s track record, attendance of board meetings, corporate governance, and takeover provisions.

We will generally oppose all proposals to classify the board.

We will generally vote for all proposals to repeal classified boards and to elect all directors annually. In the event of a contested election, we will evaluate what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met, and any background to the proxy contest.

**Compensation Programs:** Votes with respect to compensation programs will be determined on a case-by-case basis. We will generally vote against equity-based plans where the total dilution is excessive, we will vote against plans that allow companies the ability to re-price out of the money options without shareholder approval, we will vote against plans that issue options with an exercise price below the stock’s current market price or plans that have the ability to issue reload options. We will generally support the use of employee stock purchase plans provided that shares purchased under the plan are acquired for no less than 85% of their market value.

**Shareholder Proposals:** Shareholder proposals can be complex and are often of dubious value.

We will review shareholder proposals on a case-by-case basis and evaluate as follows:

We will vote for shareholder proposals asking that a majority or more of the directors be independent;

We will vote on a case-by-case basis regarding shareholder proposals requiring that the positions of chairman and CEO be held separately;

We will generally oppose shareholder social and environmental proposals that are, in our estimation, of dubious value;

We will generally vote for shareholder proposals asking that the board, audit, compensation and/or nominating committees be composed exclusively of independent directors;

We will generally vote for proposals to lower barriers to shareholder action, and for proposals to allow cumulative voting;

We will generally vote for shareholder proposals that require a company to submit its poison pill for shareholder ratification;

We will vote against any proposal where the proxy materials lack sufficient information upon which to make an informed decision;

We will generally vote against any proposal to create a new class of common stock with superior voting rights;

We will vote any matters not specifically covered by these proxy policies and procedures in the economic best interest of advisory clients.

Centurion Counsel's proxy policies may be amended from time to time.

## **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Jack K. Heilbron is the President and Chief Investment Officer of Centurion Counsel, Inc. and the Chief Investment Officer of the Strategic Asset Allocation Program. As such, no second party is involved in the communication of the client information.

The securities held in client's accounts are reviewed daily by an analyst or the Chief Investment Officer. Daily reviews determine appropriate levels of cash and successful trade executions. A quarterly report is generated that determines whether the account's asset allocation is consistent with its specific design. These reports are reviewed by the Chief Investment Officer to determine if specific securities should be replaced. Any market movement, up or down, will result in an assessment of its impact upon each client's account. Each account is reviewed using optimization models on a quarterly basis or as market conditions dictate.

## CLIENT CONTACT WITH CHIEF INVESTMENT OFFICER

The client may contact and consult directly with the Chief Investment Officer by mail at 1282 Pacific Oaks Place, Escondido, CA 92029, by telephone at 760-471-8536 or by appointment in person at the Centurion Counsel office.

## ADDITIONAL INFORMATION

- A. There are no legal or disciplinary events material to a client's or prospective client's evaluation of Centurion's business that have occurred in the previous ten (10) years. Centurion does not recommend or select other investment advisors for our clients.
- B. **Code of Ethics; Participation or Interest in Client Transactions and Personal Trading.** As an investment advisor, Centurion is a fiduciary. It owes its clients/investors the highest duty of loyalty and relies on each employee to avoid conduct that is or may be inconsistent with that duty. It is also important for employees to avoid actions that, while they may not actually involve a conflict of interest or an abuse of a client/investor's trust, may have the appearance of impropriety. Because Centurion may serve as a general partner, investment manager and/or investment advisor to a number of types of separate accounts (collectively throughout "clients/investors") we have adopted a Code of Ethics setting forth policies and procedures, including the imposition of restrictions on itself and employees, to the extent reasonably necessary to prevent certain violations of applicable law.

The Code of Ethics adopted by Centurion is based on a few basic principles that should pervade all reasonable investment related activities of all employees, personal as well as professional:

- (1) the interests of the Centurion's clients/investors come before Centurion's interest or those of any Centurion employee.;
- (2) each employee's professional activities and personal investment activities must be consistent with this code and void any actual or potential conflict between the interests of clients/investors and those of Centurion or the employee;
- (3) those activities must be conducted in a way that avoids any abuse of an employee's position of trust with and responsibility to Centurion and its clients/investors, including taking inappropriate advantage of that position.

A copy of the Code of Ethics is available to any client or prospective client upon request.

- C. It is our policy to impose specific requirements related to each personal trading and investment activity for each Centurion staff member. As such, our policy is to consider the effects of various



types of trading, including short-term trading and trading in new issues as a potential conflict of interest. Similarly, we may impose specific requirements related to investments in private placements.

Approval may be refused for any proposed trade by an employee that:

- Involves a security that is being or has been purchased or sold by the Advisor on behalf of any client/investor's account or is being considered for purchase or sale;
- Is otherwise prohibited under any internal policies of the Advisor;
- Breaches the employee's reasonable fiduciary duty to any client/investor;
- Is otherwise inconsistent with applicable law, including the Investment Adviser's Act of 1940 and the Employee Retirement Income Security Act of 1974, as amended;
- Creates an appearance of impropriety.

- D. **Review of accounts:** All positions are reviewed daily by a Centurion analyst to determine whether trade executions have been successfully completed and whether cash levels are appropriate. On a quarterly basis, the analyst compares each account's asset allocations to the client's specific portfolio model and prepares a report for the Chief Investment Officer. Depending on market conditions, the Chief Investment Officer may review accounts more frequently.

Performance information is reviewed for accuracy by Centurion's Operations Department. The review process consists of reconciling account positions comparing each account's performance for deviations from other accounts. Performance information is calculated on a uniform and consistent basis using a time-weighted rate of return in accordance with guidelines published by the Association for Investment Management and Research (AIMR). The performance information is not reviewed by a third party.

- E. **Client Referrals and Other Compensation:** No economic benefits (i.e., sales, awards, or prizes) are provided by someone who is not a client to the advisor for providing investment advice or other advisory services to our clients. The advisor may compensate persons not directly supervised by the advisor (soliciting agents) for client referrals. All soliciting agents and their referred clients sign the page of the management agreement. A sample of this agreement is shown below:

***The Investment Advisor is:***

Centurion Counsel, Inc.

1282 Pacific Oaks Place

Escondido, CA 92029

Tel: 760-471-8536

Fax: 760-471-0399

***The Soliciting Agent is:***

\_\_\_\_\_  
Name of Soliciting Agent

\_\_\_\_\_  
Name of Soliciting Agent's  
Broker/Dealer

Please be advised that the above name solicitor or broker/dealer, if any, has entered into a solicitation with Centurion Counsel, Inc. (hereafter "Centurion") whereby the former will receive compensation for referral of the client to Centurion's asset management programs.

All solicitors have a financial interest in the selection of the investment advisor.

The solicitor will be compensated \_\_\_\_\_ of the fees paid to Centurion pursuant to the client Discretionary Management Agreement. This compensation shall continue for as long as Centurion manages client funds and the above solicitor or broker/dealer is the Soliciting Agent of record. The solicitor may receive a commission, if any, on a bond, stock, gold, or other fund(s) or annuity which is purchased in the account. Additionally, Centurion may provide periodic educational and training sessions whereby Centurion pays for this travel and other affiliated expenses for the soliciting agent and his/her spouse. Notably a client would be charged the same management fees whether working directly with Centurion or referred by a solicitor.

**Financial Information:** Centurion does not require or solicit prepayment of more than \$1,200 in fees per client, six (6) months or more in advance and is not required to include a balance sheet for the most recent fiscal year.

As an investment advisor, Centurion has discretionary authority but not custody of client funds or securities. Because of the discretionary authority, the advisor is required to disclose any financial condition that is reasonably likely to impair the ability to meet contractual commitments to clients. Centurion has no unfavorable financial condition to disclose.

Centurion has not been the subject of a bankruptcy petition at any time during the past ten (10) years.

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**STRATEGIC ASSET ALLOCATION PROGRAM**  
**BROCHURE SUPPLEMENT**  
**JACK K. HEILBRON**  
**STEVEN FOSS**

March 2018

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ESCONDIDO, CA 92029  
760-471-8536

This brochure supplement provides information about Jack K. Heilbron and Steven Foss that supplements the Centurion Counsel, Inc. brochure. You should have received a copy of that brochure. Please contact the Operations Department at Centurion Counsel, Inc., if you did not receive the Centurion Counsel, Inc. brochure or if you have any questions about the contents of this supplement.

Additional information about Jack K. Heilbron and Steven Foss is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE**

**Jack K. Heilbron** (born 1950) graduated with a Bachelor of Science degree in Accounting from California Polytechnic University at San Luis Obispo. Mr. Heilbron has passed qualifying examinations for Investment Advisor Representative, General Securities, Registered Securities Principal, Registered Municipal Securities Principal, Registered Options Principal, Equity Trader, Investment Banking, Research Analyst, and Operations Professional.

Mr. Heilbron is a founder of CI Holding Group, Inc. and its subsidiaries, including Centurion Counsel, Inc., Centurion Institutional Services, Inc, and Bishop-Crown Investment Research, Inc., a due diligence and research company. Mr. Heilbron currently serves as Chief Investment Officer and Chief Executive Officer for Centurion Counsel, Inc.

Mr. Heilbron's background includes: Senior Auditor for the Department of Corporations, State of California, specializing in securities and syndication firms, a registered principal with a New York Stock Exchange firm and a full time due diligence officer for PIM Financial Securities, Inc. Mr. Heilbron was instrumental in the formation a Real Estate Investment Trust ("REIT") and subsequently responsible for acquisitions. In addition, Mr. Heilbron has served as a NASO Arbitrator, has been an expert witness on securities litigation, and is frequently asked to speak publicly on investments.

**Steven Foss** (born 1965) graduated with a Bachelor of Arts degrees in Economics and Business Management from North Carolina State University. Mr. Foss holds current licenses for Investment Advisor Representative, Registered Options Principal, General Securities, Registered Securities Principal, Equity Trader, Investment Banking and Operations Professional.

Mr. Foss joined Centurion Counsel, Inc. in 1993 as an assistant portfolio manager. Prior to his affiliation with Centurion, Mr. Foss was associated with PIM Financial Services, Inc. in various capacities including assistant trader, assistant compliance officer and due diligence officer.

## **DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Centurion Counsel's business, Mr. Heilbron, or Mr. Foss that have occurred in the previous ten (10) years that require disclosure.

## **OTHER BUSINESS ACTIVITIES**

Mr. Heilbron and Mr. Foss identify the following relationships/arrangements with the related persons listed below:

- Broker/dealer – Mr. Foss has a relationship with Ceros Financial Services, a broker/dealer, as a registered representative.
- Investment Company – neither Mr. Heilbron nor Mr. Foss have a relationship with such entity.
- Other investment advisor or financial planner - neither Mr. Heilbron nor Mr. Foss have a relationship with such entity.
- Futures commission merchant, commodity pool operator, or commodity trading advisor - neither Mr. Heilbron nor Mr. Foss have a relationship with such entity.
- Banking or thrift institution - neither Mr. Heilbron nor Mr. Foss have a relationship with such entity.
- Accountant or accounting firm - neither Mr. Heilbron nor Mr. Foss have a relationship with such entity.
- Lawyer or law firm - neither Mr. Heilbron nor Mr. Foss have a relationship with such person/entity.
- Insurance company or agency - neither Mr. Heilbron nor Mr. Foss have a relationship with such entities.
- Pension consultant - neither Mr. Heilbron nor Mr. Foss have a relationship with such person/entity.
- Real estate broker/dealer - neither Mr. Heilbron nor Mr. Foss have a relationship with a real estate franchise as a real estate broker.
- Sponsor or syndicator of limited partnerships – Mr. Heilbron is also the President of Presidio Property Trust, Inc., a Maryland corporation that operates as a Real Estate Investment Trust, as defined under Internal Revenue Code, and NetREIT Dubose Model Homes, Inc. Mr. Foss serves as the Vice President of Operations and Director of Client Relations for Presidio Property Trust, Inc.

## **ADDITIONAL COMPENSATION**

No economic benefit, including sales awards and other prizes, is provided to either Mr. Heilbron or Mr. Foss, for providing advisory services.

## **SUPERVISION**

The Chief Compliance Officer is the person responsible for monitoring advisory activities on behalf of Centurion Counsel, Inc. John D. Lauer is the Chief Compliance Officer (“CCO”) and may be reached by phone at 760-471-8536 extension 204 or in writing at the Centurion Counsel office at 1282 Pacific Oaks Place Escondido, CA 92029. The CCO is responsible for monitoring all advisory written and electronic communications, operations and record keeping.