



## **Argentus Advisors, LLC**

**Part 2A of FORM ADV: Firm Brochure**

**7191 Wagner Way NW, Suite 304**

**Gig Harbor, WA 98335**

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**(253) 470-4977**

**(fax)(253) 851-8819**

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

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

**ITEM 2 –MATERIAL CHANGES SINCE last annual amendment to this BROCHURE:**

Not applicable

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## **ITEM 4 - ADVISORY BUSINESS**

Argentus Advisors, LLC (Argentus) is registered with the Securities and Exchange Commission ("SEC") as an investment adviser under the Investment Advisers Act of 1940, as amended ("Advisers Act"). Its principal place of business is in Gig Harbor, Washington. Argentus began conducting business in November of 2001, as a wholly owned subsidiary of SAS Capital Partners, LLC. On or about September 29, 2016, Sound Wealth Partners ("SWP") became the sole owner of Argentus. SWP is effectively 50% owned by each of Craig Johnsen and Ryan Finnigan.

Argentus Advisor's investment advisory services are tailored to the individual needs of its clients and are based on the client's goals, investment objectives, time horizon and risk tolerance. In this capacity, Argentus acts as a fiduciary to its clients. Argentus generally provides investment advisory services through its investment adviser representatives ("Financial Advisors"), who generally recommend the use of one or more third-party money managers; provided that individualized advice with respect to certain direct investing is provided from time to time.

Argentus Advisor, through its Financial Advisors, provides continuous investment advice to its clients based on the individual needs of each client. The Financial Advisor will discuss a client's financial situation and will help the client establish financial goals, investment objectives, time horizons and risk tolerance. The Financial Advisor also reviews and discusses with clients the clients' prior investment experiences, all in an effort to ensure that the advisory services provided are appropriate.

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

Argentus offers the following investment advisory services:

### **Financial Advisor Directed Accounts**

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

### **Third-Party Money Manager Accounts**

In lieu of recommending individual investments under a Financial Advisor directed account, the Financial Advisor may assist you in selecting one or more Third-Party Money Manager(s). The Financial Advisor may utilize a number of factors in determining a prudent Third-Party Money Manager or Managers including performance, investment objectives, fees, and comparing those factors to the client's stated goals and objectives (determining risk tolerance and investment styles).

Clients who utilize the services of Third Party Money Managers are provided the Third Party Money Manager's Fact Sheet, which provides a detailed description of the Third Party Money Manager's investment strategy and investment style. Third-Party Money Managers have their own minimum account



size requirements and have their own separate fee schedule.

Third Party Money Managers may either be Portfolio Strategists or Portfolio Managers. Portfolio Strategists provide recommended asset allocation strategies that Argentus will generally follow in investing a client's portfolio, unless circumstances dictate that it should be modified or supplemented. Portfolio Strategists do not have discretion to trade your account and do not provide discretionary asset management services; rather, direct management of the client's assets is performed by Argentus. Clients may elect to employ a Portfolio Strategist for all or a portion of his or her account.

Portfolio Managers also provide recommended strategies, however, they are generally provided with discretionary authority to effect transactions. Clients provide Portfolio Managers discretionary authority through their advisory agreements with Argentus. As with Portfolio Strategists, a client may employ one or more Portfolio Managers.

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

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

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

A Third-Party Money Manager may recommend investing client assets in, or invest client assets in, one or more of its affiliated mutual funds, i.e., a mutual fund for which it or an affiliate serves as investment adviser (an "Advised Mutual Fund"). When an Advised Mutual Fund is utilized in a client's portfolio, the Third Party Money Manager receive fees directly from the client's account, as well as advisory fees as adviser to the Advised Mutual Fund.

Third Party Money Managers, in certain instances, may be compensated for the distribution or sales of these investment vehicles, which creates a conflict of interest for Argentus.

#### **Combined Financial Advisor Directed and Third-Party Money Manager Services**

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

#### **Research**

Certain Financial Advisors of Argentus offer research on a subscription basis. This research reports may be provided daily, weekly, monthly, quarterly or extemporaneously, as delineated in the research agreement entered into between the client and Argentus. Additionally, research may be provided during face-to-face meetings, depending on the needs of the client. Research may be either industry specific, such as oil & gas industry, or may be broad in nature, covering the markets in general. Research may be based on fundamental and/or technical analysis.

#### **Other Advisory Services**

To the extent requested by a client, Argentus may also provide advice or recommendations with respect to alternative investments, including private REITs, private funds and other private offerings.

### **Wrap Fee Program Accounts**

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

Bear in mind, you can purchase services similar to those offered in Argentus’ Wrap Fee Program separately from unaffiliated financial service providers. Wrap Fee Programs may cost you more or less than purchasing the services from another investment adviser. Some factors to consider, other than the Wrap Fee itself, when comparing investment advisers include: (i) Account maintenance and custodial fees; (ii) Account special handling fees, such as wire funds fees; (iii) Volume of trading activity anticipated in your account; (iv) Commissions to be charged in lieu of a wrap fee; and, (v) Account termination, statement and confirmation fees. You should review all the costs for each of the management services separately (and mutual fund fees and expenses when applicable) when analyzing the cost of Argentus’ Wrap Fee Program your Financial Advisor will work with you to recommend whether you should utilize a Wrap Fee Program or not, based on your individual circumstance and anticipated trading activity. Please discuss with your Financial Advisor all fees and costs associated with your Wrap Fee Program account. For further information regarding Argentus’ Wrap Fee Programs, please request a copy of Argentus’ Wrap Fee Program Disclosure brochure from your Financial Advisor.

### **Financial Planning**

Financial Advisors also provide financial planning services. Fees may be charged as a flat dollar amount, an amount based on a percentage of the assets under “advisement” or an hourly fee. A financial planning engagement may be effectuated by signing a separate “financial planning” agreement or the financial planning agreement may be incorporated into your investment management agreement as one document. Financial planning is a comprehensive evaluation, assumption and analysis of a client’s current and future financial situation and needs using variable data such as current and future income, expenses, investment growth and performance, cash flows, asset values and withdrawal plans. Through the financial planning process, questions, information and analysis are considered as to how they may impact the current and future financial situation of the client. To prepare a financial plan the Financial Advisor gathers information from the client through personal interviews. Information may include the client’s current financial status, tax status, current assets and liabilities, expenses, investment portfolio, future goals, investment return expectations and attitudes towards risk. The financial plan is designed to help the client create a plan and stay on track in attempting to achieve their financial goals and objectives.

In general, a financial plan may address any or all of the following areas collectively or separately: asset allocation, education planning, estate planning, financial, insurance needs, retirement planning, and business retirement planning.

The financial plan may not contain specific recommendations from the Financial Advisor to purchase or sell specific securities. It is entirely up to each client whether or not to implement any recommendations made.

If the client chooses to implement the recommendations made within the financial plan, the Financial



Advisor may then recommend specific investments. To the extent that specific investment recommendations are made, the Financial Advisor may recommend commissionable securities or insurance transactions, in which case he or she would be acting as a registered representative of a Broker Dealer or as an insurance agent. This may create a potential conflict of interest, as the Financial Advisor may be compensated for the purchase or sale of specific securities and insurance products in addition to the financial planning fee already received.

### **Solicitation Arrangements**

Argentus may, from time to time, utilize solicitors to introduce potential clients to its services. Solicitors are typically registered as investment adviser representatives with a state authority and may provide some level of advice such as suitability and/or risk tolerance assessment. A solicitor is not involved in the actual asset management of the client's account. Solicitors share in the advisory fees paid by the client, however, the client will not pay any more for advisory services than he or she would if there were no solicitor involved. Solicitors are required to provide clients with a solicitor disclosure statement, which elaborates on the solicitor's role and the relationship between the solicitor and Argentus.

### **Other Legal Entities**

Argentus offers services through its Financial Advisors. Financial Advisors are investment adviser representatives within the meaning of the Advisers Act and may be referred to herein from time to time as "IARs." One or more Financial Advisors may have a separate business entity or business name that are used for marketing purposes and may appear on marketing materials or client statements. The client should understand that these entities and businesses belong to the Financial Advisor and not Argentus. The Financial Advisors are under the supervision of Argentus, and the advisory services or solicitor services of the Financial Advisor are provided through Argentus. Argentus has the arrangement described above with the following Financial Advisors:

- Craig Johnsen, Ryan Finnigan, Kenneth Peterson - Sound Wealth Partners
- Jordan Linn – Jordan A. Linn Advisory Services
- Matthew Sanes – Wealth Innovations (Mr. Sanes does not provide advisory services to Argentus' clients)
- Lou Scatigna and Martin Saltzman – AFM Investments

### **Amount of Assets Under Management**

As of December 31, 2017 Argentus had approximately \$148,000,000 of assets under management.

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

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

## **ITEM 5 - FEES AND COMPENSATION**

This section is intended to assist clients in understanding the costs associated with Argentus Advisor's services. Clients and prospective clients should read this section carefully and also refer to the investment advisory agreement for a full description of the amount, terms, and calculation of the advisory fee, as well

as, information concerning ticket charges, refunds and contract termination. The fees and costs may be more or less than if a client purchased a portfolio of similar investments through a brokerage arrangement or similar services through another investment adviser. It is important that clients evaluate the services received in light of the fees and costs. Argentus reserves the right to negotiate fees, which may take into consideration elements like size of account and the complexity of services. Clients are urged to ask their respective Financial Advisor about the advisory program(s) considered and what other costs you may incur.

Clients should be aware that additional fees assessed by the client's custodian or by the individual investments within a client's account, e.g., mutual fund and ETF expenses and fees. Custodians charge their own transaction and administration fees. Depending on whether a client is participating in a Wrap Fee Program, some custodial fees may be included in the advisory fee, however, not all fees would be included. Clients should refer to the advisory agreement with Argentus, as well as the custodial agreement(s) when you open an account is opened to understand what fees the client may be subject to.

### **Investment Management Services**

Clients are charged a total portfolio management fee. The total portfolio management fee applicable to a client is determined by combining a Financial Advisor's fee with fees charged by Third-Party Money Managers (if a client determines to use a Third Party Money Manager). Argentus has a maximum total portfolio management fee of 2.60% per year. The specific fee you pay for advisory services offered by us is stipulated in your advisory agreement. All fees are negotiable.

The advisory agreement with Argentus authorizes Argentus to deduct the investment management fees directly from the client's account. Advisory fees may be charged in advance or in arrears as provided in the advisory agreement. If charged in advance, the fee will be assessed quarterly in advance of services being rendered and will be based on the value of the client assets under management on the last day of the prior calendar quarter. For deposits during the calendar quarter, including the initial deposit, the fee will be prorated over the billing period to account for the days advisory services were or will be provided. If the agreement is terminated during a quarter, any unearned fees collected in advance will be credited back promptly. Argentus may not pro-rate deposits or withdrawals that are *de minimis*. If charged in arrears, the fee will be assessed at the end of the quarter for which services were already provided. The fee calculation will be based on the value of the client assets under management on the last day of the calendar quarter. For deposits or withdrawals during the billing period, including the initial deposit or final withdrawal, the fee will be prorated over the billing period to account for the days services were rendered. If you terminate your agreement, any uncollected, earned fees will be due and payable by you immediately and will be deducted from the managed assets promptly.

In certain cases, Argentus will charge a tiered fee structure. In a tiered fee structure, a client would pay a certain fee percentage up to a certain level of assets under management, and then would pay a lower fee percentage on assets over that level.

In certain cases, Argentus' fee will be based on the average daily market value of the client's account during a quarter.

### **Wrap Fee Programs**

A Wrap Fee Program is an investment advisory program in which clients pay one fee for both investment advisory services and the transaction costs in the Program account. The "Wrap Fee" is not based directly upon the actual transaction or execution costs for the transactions within the account(s). Depending on the underlying investments within the Program and how much actual trading activity occurs, a client may pay more or less than if the client had elected to subscribe to a non-wrap fee program and pay for transactions costs separately. A client's Financial Advisor will review the fee options available to help determine the best option to choose for the client. Whether the service a client selects is a Wrap Fee





Program or whether it is not wrapped and transaction charges are assessed separately is stipulated on the advisory agreement with Argentus. For more information about Argentus Advisor's Wrap Fee Programs, please ask for an Argentus Wrap Fee Program disclosure brochure.

### **Financial Planning Fees**

Financial planning fees may be charged as a flat dollar amount, an amount based on a percentage of the assets under "advisement" or based on an hourly fee. Financial planning fees are based on the complexity of the case and the amount of work involved in delivery of the advice. Financial planning fees can vary widely from client to client and there is no maximum fee limit. It is up to you and your Financial Advisor to agree on the amount and complexity of the planning involved and the fee for providing such services. Financial planning fees are stipulated in a financial planning agreement, which may either be a separate agreement from an investment management agreement or may be combined into one agreement.

### **Potential Conflicts of Interest**

#### *Industry Affiliations*

Argentus currently has no industry affiliations with broker/dealers or any other investment adviser that would create potential conflicts of interest. Argentus endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser.

#### *Advised Mutual Funds*

As indicated above, certain Third Party Money Managers may invest client assets in Advised Mutual Funds. When this occurs, such Third Party Money Managers receive a portion of the Advisory Fee and it or an affiliate may also receive management fees from the Advised Mutual Funds. This presents a potential conflict of interest. However, none of Argentus or any Financial Advisor receives any additional fees or other compensation from such Third Party Money Managers or Advised Mutual Funds.

#### *Registered Representatives and Insurance Agents*

While Argentus is not a broker-dealer or an insurance agency and is not affiliated with a broker-dealer or an insurance agency, certain Financial Advisors are registered representatives of a broker-dealer or agents for the sale of insurance products. This means a client's Financial Advisor may receive commissions for security transactions and insurance purchases made by the client. These relationships present a conflict of interest for the Financial Advisor, as it creates an incentive for your Financial Advisor to recommend the purchase of securities and insurance products on the basis of compensation rather than based on your needs. Financial Advisors are fiduciaries and have an ethical obligation to always put your interests before their own.

Financial Advisors providing investment advice on behalf of Argentus, who are registered representatives of an unaffiliated broker-dealer, may recommend their broker-dealer for brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from their broker-dealer unless the broker-dealer provides the Financial Advisor with written authorization to do so. Therefore, these individuals may be limited to conducting securities transactions through their broker-dealer. It may be the case that such broker-dealer's charge higher transaction fees and/or custodial fees than other broker-dealers charge for the same services. Also, if transactions are executed through these broker-dealers, these Financial Advisors (in their capacity as registered representatives of the brokerage firm) may earn commission-based compensation as a result of placing the recommended securities transactions through their broker-dealer. This practice presents a conflict of interest because the Financial Advisor has an incentive to effect transactions for the purpose of generating a commission rather than solely based on your best interest. Additionally, this practice may preclude Argentus from achieving best execution within such an advisory account. You may utilize the broker-



dealer of your choice, however, if you want your Financial Advisor to be the Financial Advisor of record for your account and you do not choose the broker-dealer your Financial Advisor is a Registered Representative of, we may not be able to accept your account.

#### *Due Diligence Meetings and Gifts & Entertainment*

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

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

#### *Political Contributions*

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

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

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

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

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

**Short-Term Trading Redemption Fees** – Some pooled investments, such as mutual funds, impose short-term trading redemption fees as high as 2% for actively trading or exchanging in and out of their funds.

This could affect a Financial Advisor's or any Third-Party Money Manager's ability to manage a client's portfolio, as the existence of these fees may cause Argentus, the Financial Advisor and/or the Third-Party Money Manager to delay placing trades to avoid incurring these expenses.

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

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

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Argentus does not charge Performance-Based or Side-By-Side Management Fees.

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

## **ITEM 7 - TYPES OF CLIENTS**

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

Argentus has an account program minimum of \$25,000, however, this minimum requirement is at our sole discretion, as there may be extenuating circumstances, which may make it reasonable to accept an account with a lesser value. Each Third-Party Money Manager may have its own account program minimum.

## **ITEM 8 - METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis**

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

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

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

### **Investment Strategies**

#### ***BUY AND HOLD***

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

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

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

### ***Short-Term Purchases***

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

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

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, the portfolio manager must either take a long-term position in a security that was designed to be a short-term purchase or take a realized loss. In addition, because this strategy involves more frequent trading than does a longer-term strategy, there could be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

### ***Short Selling***

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

Short selling results in some unique risks:

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

be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the underlying company.

### ***Strategic Vs Tactical***

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

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

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

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

### ***RISK OF LOSS***

#### **General Risk**

Investing in securities involves risk of loss that clients, as the investor, should be prepared to bear. Argentus does not represent or guarantee that it can predict future results, successfully identify market tops or bottoms, or insulate client portfolios and investments from losses. The prices of, and the income generated by, equities and other securities held in your portfolio might decline in response to certain events taking place around the world, including those directly involving the issuers whose securities you own. Conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate and commodity price fluctuations are all risk factors that can affect the valuation of your investments.

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

#### **Asset Allocation Risk**

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

#### **Investment and Market Risk**

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

***Interest Rate Risk.*** Fluctuations in interest rates may cause the value of investments to fluctuate.

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

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

**Liquidity Risk.** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. When investing in illiquid securities, it may not be possible to sell such securities at the most opportune times or at prices approximating the value at which they were purchased.

#### Exchange Traded Funds (ETFs)

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

#### Fixed Income Investments

One of the most important risks associated with fixed-income securities is interest rate risk, the risk encountered in the relationship between bond prices and interest rates. The price of a bond will change in the opposite direction of movements in prevailing interest rates. For example, as interest rates rise, bond prices will generally fall. If an investor has to sell a bond prior to the maturity date, an increase in interest rates could mean that the bondholder will experience a capital loss (i.e., selling the bond below its original purchase price).

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

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

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

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



the issue.

- 4) If the issue is purchased at a premium, you may lose the difference between the purchase price and call price.

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

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

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

#### Alternative or Illiquid Investments

Some Financial Advisors and some strategies utilize "illiquid investments." These are securities and other financial instruments that are not actively or widely traded and may have a limited or non-existent secondary market (e.g., non-exchange traded REITs, hedge funds and other private funds, managed futures funds or business development companies). As a result of the limited or non-existent secondary market, it may be difficult to dispose of such investments rapidly and/or at a reasonable value when a liquidation or withdrawal request is made. This is particularly true during times of adverse market conditions. Adverse market conditions have, in the past, lead to a "liquidity crisis" (i.e., the inability to sell many securities at expected values). Neither Argentus, nor any Financial Advisor makes any assurance or guarantee that future market conditions will not result in similar liquidity issues. Investors in Illiquid Investments should carefully consider the unique risks these types of securities present before making any investment decisions.

#### International Investing

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

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

## **ITEM 9 - DISCIPLINARY INFORMATION**

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

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

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

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

Argentus is wholly owned by SWP, which was purchased by KCSL Ventures LLC and DKJ Ventures, LLC, with each entity owning 50% (fifty percent) of Argentus. Craig Johnsen and Ryan Finnigan indirectly own Argentus through their ownership of DKJ Ventures LLC and KCSL Ventures, LLC, respectively.

### **Broker-Dealer Registration**

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

### **Insurance Agents and Agencies**

Certain Financial Advisors are also licensed insurance agents. As insurance agents, these persons receive separate, yet customary, commission compensation and/or trailing commissions resulting from the sale of insurance products and services they may recommend.

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

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

Each Financial Advisor is required to provide clients with this disclosure document along with a personal disclosure document which describes whether he or she is a registered representatives or insurance agent, or conducts other outside business activities that may present a conflict of interest. Providing these disclosure documents is an important requirement for mitigating these real or potential conflicts.

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

### **Other Investment Advisers**



Argentus provides an advisory service by which its Financial Advisors can recommend and select other investment advisors (referred to as Third-Party Money Managers) to manage all or a part of your portfolio. These Third-Party Money Managers assess a “program fee” for their services, which is paid out of the advisory fee clients pay. These arrangements may present a conflict of interest depending on the fee collected by Argentus. In order to help mitigate this conflict, Argentus institutes several policies. First, Argentus has a documented and measurable process for vetting Third-Party Money Managers before they can be added as an investment option and for ongoing review to determine if they should remain an investment option. The amount of compensation received by Argentus is not a part of the decision making process. Additionally, Financial Advisors do not receive any more or less compensation based on which Third-Party Money Managers they recommend or select. Last, Argentus requires the delivery of this disclosure document to all advisory clients, prior to or at the time they enter into an advisory agreement with the firm.

### **General Statement on Conflicts Presented By Affiliates**

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

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

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

### **Code of Ethics**

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



confidentiality of client's financial circumstances. You may request a full copy of our Code of Ethics from your Financial Advisor.

### **Personal Trading**

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

## **ITEM 12 - BROKERAGE PRACTICES**

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

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

Argentus does not receive what is known as "soft dollars" from any broker/dealer or custodian. This means that neither Argentus does not pay brokerage commissions to obtain research or other products or services from broker/dealers or account custodians.

Argentus may permit directed brokerage arrangements in which the client selects the broker/dealer or custodian to be utilized. This practice is known as "directed brokerage." If a client directs us to use a broker/dealer or custodian, Argentus may not be able to achieve most favorable execution and the client may pay more or less for account transactions.

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

### **Registered Representatives**

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

**ITEM 13 - REVIEW OF ACCOUNTS**

Your Financial Advisor is responsible to ensure that the recommended advisory service clients are subscribed to is suitable for the client. Our advisory offerings are managed to meet a wide range of risk tolerances, so indicating an appropriate risk level or risk tolerance for the account and services is an important step in the account review process. Upon opening an account with Argentus, the Financial Advisor will gather pertinent information in order to help him or her assess the client's risk tolerance and help establish investment goals. Subsequently, and at least annually, a client's Financial Advisor should meet with the client to re-assess the client's situation and make sure nothing has changed that would require an adjustment to the portfolio strategy. This assessment, at a minimum, will include a review of the client's established investment objectives and financial situation, as well as an inquiry as to whether the client would like to include any restrictions on management of your account.

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

**ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

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

**ITEM 15 - CUSTODY**

Argentus does not take custody of assets in any client account. As of December 31, 2017, Argentus has arrangements in place with Charles Schwab and Fidelity that provide Argentus with the ability to view client data on a real-time basis. Thus, Argentus generally requires that clients open accounts at either of such brokers. Argentus will allow a client, under certain circumstances, to choose his or her own broker/dealer and/or account custodian (please see further explanation of "directed brokerage" under Item 12 above). The custodian is responsible for sending out account statement on at least a quarterly basis which will itemize each of the current account holdings, their values and all transactions that have occurred in the client's account. Upon request from a client, Argentus will also prepare a quarterly performance statement. Clients are strongly advised to compare the custodial statement with the quarterly performance report. In the event of a discrepancy, the custodian's statement will prevail. Any discrepancies, errors, or questions should be brought to the attention of the relevant Financial Advisor.

**ITEM 16 - INVESTMENT DISCRETION**

Although Argentus may prohibit non-discretionary advisory services, in almost all situations the services provided to clients are discretionary in nature. Discretion may mean that Financial Advisors have the authority to buy and sell securities for clients' accounts, without consulting with the clients. It is also



considered discretion when Argentus and/or a Financial Advisor can hire or fire Third-Party Money Managers on behalf of clients in the management of portfolios. When clients sign the Argentus client management agreement, Argentus is provided with a “limited” power-of-attorney, permitting Argentus and the applicable Financial Advisor to take such discretionary action. The authority is limited in that, neither Argentus nor the Financial Advisor ever assume the authority to withdraw funds or securities from your account.

#### **ITEM 17 - VOTING CLIENT SECURITIES**

Argentus, as a matter of policy does not vote proxies on behalf of Clients. Clients will receive their proxies or other solicitations directly from the applicable custodian. Clients may contact their Advisor to discuss any questions they may have with a particular solicitation.