

Opes Wealth Management, LLC

Form ADV Part 2A Brochure

December 13, 2018

This brochure provides information about the qualifications and business practices of Opes Wealth Management, LLC (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at 408-831-5804 or dfirth@opesadvisors.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 Opes Wealth Management, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Registrant being a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

This is Opes Wealth Management, LLC's initial filing.

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Item 4 Advisory Business

- A. Opes Wealth Management, LLC (the “Registrant”) is a corporation formed on November 6, 2018 in the State of California. The Registrant became registered as an Investment Adviser Firm in December 2018. The Registrant is principally owned by Mark Duvall, Erin Whalen, and Susan McHan.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, and pension and profit sharing plans, etc.) investment advisory services, and, to the extent specifically requested by a client financial planning services and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* 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.

Opes Premier Services – Opes’ existing offer from firm inception to Present

Clients may choose to engage Registrant to provide combined financial planning and investment management services relative to investment accounts under the “Opes Premier Services” program (“Opes Premier Program”). To commence the Opes Premier Program engagement, clients are required to enter into a *Financial Counseling and Investment Advisory Agreement* with the Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

An investment adviser representative will then meet with the client to ascertain investment objectives, risk tolerances, restrictions, and to create a balance sheet analysis. Once defined and agreed upon, the Registrant will prepare the client’s Financial Assessment and Recommendations analysis and review it in detail with the client. Thereafter, the Registrant will allocate investment assets consistent with the designated investment objectives and the Financial Assessment and Recommendations analysis. The Registrant primarily allocates investment assets among mutual funds and exchange traded funds (“ETFs”) generally following the parameters of one or more similarly managed asset allocation models described in Item 8.C. below. Under the Opes Premier Program, Registrant may adjust its trading strategies within the similarly managed investment allocation models on an individualized client basis depending upon each client’s investment objectives and/or tax consequences.

When consistent with client investment objectives, the Registrant may also allocate investment assets among Separately Managed Account programs sponsored by Charles Schwab & Co., Inc. (Charles Schwab & Co., Inc. and its affiliates including but not limited to Schwab Wealth Investment Advisory, Inc. are collectively referred to as “*Schwab*”) Registrant is not owned by, affiliated with, or sponsored or supervised by *Schwab*. (Please refer to the “Separately Managed Account Program” disclosure below)

After the Registrant allocates Opes Premier Program investment assets, the Registrant continues to provide ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, provides tax loss harvesting and related consultation services as may be applicable, and rebalances the portfolio on a discretionary basis as applicable.

The Registrant also offers to review the Opes balance sheet analysis on an annual basis with the client to address any changed circumstances, and to evaluate whether the financial plan is still appropriate based upon the client's individual investment objectives. The Registrant will modify the balance sheet analysis on an annual basis or upon a client's specific request based upon a change in financial circumstances without additional charge. However, in the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services pursuant to a stand-alone *Financial Planning Agreement* (see below).

Opes Select Services

Clients may choose to engage Registrant to provide combined financial planning and investment management services relative to investment accounts under the "Opes Select Services" program. To commence the Opes Select Program engagement, clients are required to enter into a *Financial Counseling and Investment Advisory Agreement* with the Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

An investment adviser representative will then meet with the client to ascertain investment objectives, risk tolerances, restrictions, and to create a balance sheet analysis. Once defined and agreed upon, the Registrant will prepare the client's Financial Assessment and Recommendations analysis and review it in detail with the client. Thereafter, the Registrant will allocate investment assets consistent with the designated investment objectives and the Financial Assessment and Recommendations analysis. The Registrant primarily allocates investment assets among mutual funds and exchange traded funds ("ETFs") generally following the parameters of one or more similarly managed asset allocation models described in Item 8.C. below. The Opes Select program differs from the Premier program in that there is no "location optimization" (tax optimization strategy that strategically allocates taxable and tax deferred investments), fewer and different Alternative Investments, no Separate Account Managers. Under the Opes Select Program, Registrant may adjust its trading strategies within the similarly managed investment allocation models on an individualized client basis depending upon each client's investment objectives and/or tax consequences.

After the Registrant allocates Opes Select Program investment assets, the Registrant continues to provide ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, provides tax loss harvesting and related consultation services as may be applicable, and rebalances the portfolio on a discretionary basis as applicable.

The Registrant also offers to review the Opes balance sheet analysis on an annual basis with the client to address any changed circumstances, and to evaluate whether the financial plan is still appropriate based upon the client's individual investment objectives. The Registrant will modify the balance sheet analysis on an annual basis or upon a client's specific request based upon a change in financial circumstances without additional charge. However, in the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services pursuant to a stand-alone *Financial Planning Agreement* (see below).

Opes Access Services

Clients may choose to engage Opes to provide investment management services utilizing the Institutional Intelligent Portfolios® Program, relative to investment accounts with market values of at least \$5,000 under the Opes Access Services Program ("Opes Access"). The Institutional Intelligent Portfolios® Program is an automated investment program through which clients are invested in a range of investment strategies Opes has constructed and manages, each consisting of a portfolio of exchange traded funds ("ETFs") and a cash allocation. The client may instruct Opes to exclude up to three ETFs from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). Opes uses the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate Opes Access. Opes is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (collectively, "Schwab"). Opes, and not Schwab, is the client's investment adviser and primary point of contact with respect to Opes Access. As between Opes and Schwab, Opes is solely responsible, and Schwab is not responsible, for determining the appropriateness of Opes Access for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. Opes has contracted with SPT to provide Opes with the Platform, which consists of technology and related trading and account management services for Opes Access. The Platform enables Opes to make Opes Access available to clients online and includes a system that automates certain key parts of its investment process (the "System"). The System includes an online questionnaire that helps Opes determine the client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that Opes will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but Opes then makes the final decision and selects a portfolio based on all the information it has about the client. The System also includes an automated investment engine through which Opes manages the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

Opes charges clients a fee for its services as described below under Item 5, Fees and Compensation. Opes's fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to Schwab as part of Opes Access. Schwab does receive other revenues in connection with Opes Access, which are described below under Item 5.

Opes does not pay SPT fees for the Platform so long as it maintains \$100 million in client assets in accounts at CS&Co that are not enrolled in Opes Access. If Opes does not meet this condition, then it must pay SPT an annual licensing fee of 0.10% of the value of its clients' assets in Opes Access. This arrangement presents a **conflict of interest**, as it provides an incentive for Opes to recommend that clients maintain their accounts at Schwab. Notwithstanding, Opes may generally recommend to its clients that investment management accounts be maintained at CS&Co based on the considerations discussed in Item 12 below, which mitigates this conflict of interest.

Clients enrolled in Opes Access are limited in the universe of investment options available to them. For example, the investment options available are limited to ETFs, whereas Opes recommends various other types of securities in its other services. Opes Access is designed to provide guidance and professional assistance to individuals who are beginning the process of accumulating wealth. Clients will have access to their accounts and a financial interface online but will also have the opportunity to confer with Opes with respect to their account.

Rebalancing

The System will rebalance a client's account periodically by generating instructions to CS&Co to buy and sell shares of ETFs and depositing or withdrawing funds through the "Sweep Program", considering the asset allocation for the client's investment strategy. Rebalancing trade instructions can be generated by the System when (i) the percentage allocation of an ETF varies by a set parameter established by Opes, (ii) Opes decides to change the ETFs or their percentage allocations for an investment strategy or (iii) Opes decides to change a client's investment strategy, which could occur, for example, when a client makes changes to their investment profile or imposes or modifies restrictions on the management of their account. Accounts below \$5,000 may deviate farther than the set parameters as well as the target allocation of the selected investment profile. Rebalancing below \$5,000 may impact the ability to maintain positions in selected asset classes due to the inability to buy or sell at least one share of an ETF. For example, withdrawal requests may require entire asset classes to be liquidated to generate and disburse the requested cash.

Sweep Program

Each investment strategy involves a cash allocation ("Cash Allocation") that will be held in a sweep program at Charles Schwab Bank (the "Sweep Program"). The Cash Allocation will be a minimum of 4% of an account's value to be held in cash, and may be higher, depending on the investment strategy chosen for a client. The Cash Allocation will be accomplished through enrollment in the Sweep Program, a program sponsored by Schwab. By enrolling in Opes Access, clients consent to having the free credit balances in their brokerage accounts at CS&Co swept into deposit accounts ("Deposit Accounts") at Charles Schwab Bank ("Schwab Bank") through the Sweep Program. Schwab Bank is an

FDIC-insured depository institution that is a Schwab affiliate. The Sweep Program is a required feature of Opes Access. If the Deposit Account balances exceed the Cash Allocation for a client's investment strategy, the excess over the rebalancing parameter will be used to purchase securities as part of rebalancing. If clients request cash withdrawals from their accounts, this likely will require the sale of ETF positions in their accounts to bring their Cash Allocation in line with the target allocation for their chosen investment strategy. If those clients have taxable accounts, those sales may generate capital gains (or losses) for tax purposes. In accordance with an agreement with CS&Co, Schwab Bank has agreed to pay an interest rate to depositors participating in the Sweep Program that will be determined by reference to an index.

REPORTING SERVICES AND AGGREGATE DATA STORAGE

Registrant, as part of its investment advisory fee, offers certain pre-existing selected clients, not new clients, investment data storage and periodic comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by the Registrant (the "*Excluded Assets*") through the Emoney application. Should the client desire reporting services, the Registrant's service is limited to reporting and data storage services only and does not include investment management, review, or monitoring services, nor investment recommendations or advice. As such, the client, and not the Registrant, shall be exclusively responsible for the investment performance of the *Excluded Assets*. In the event the client desires that the Registrant provide investment management services with respect to the *Excluded Assets*, the client may engage the Registrant to do so for a separate and additional fee in accordance the terms and conditions of the appropriate form of client agreement.

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, expert witness, etc. Neither the Registrant, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, 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.). 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 their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

Separately Managed Account Programs. In the Opes Premier Services program, the Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated Separately Managed Account programs sponsored by *Schwab* and/or its affiliated entities in accordance with the client's designated

investment objective(s). In such situations, the Separately Managed Account Manager shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending Separately Managed Account programs include the client's designated investment objective(s) as applied to the Separately Managed Account program: management style, performance, reputation, financial strength, reporting, pricing, and research. In the event that Registrant is engaged to provide investment advisory services as part of an unaffiliated Separately Managed Account program, Registrant will be unable to negotiate commissions and/or transaction costs.

Retirement Rollovers-Potential for Conflict of Interest: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Registrant recommends that a client roll over their retirement plan assets into an account to be managed by Registrant, such a recommendation creates a conflict of interest. The Registrant's Chief Compliance Officer, David Firth remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.

Use of Mutual Funds. Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive the Registrant's initial and ongoing investment advisory services. In addition to Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed below, 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).

Portfolio Activity. Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

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 their responsibility to promptly notify the Registrant if there is ever any change in their financial

situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the applicable form of client 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 any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. Registrant does not sponsor a wrap fee program for its investment advisory services.
- E. As of December 13, 2018, the Registrant had \$0 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

A. INVESTMENT ADVISORY SERVICES

If a client determines to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management as follows:

Opes Premier Services

1.25% of the value of the account between \$0 and \$1M
0.65% of the value of the account between \$1M and up to \$2M
0.55% of the value of the account between \$2M and up to \$5M
0.35% of the value of the account between \$5M and up to \$10M

Opes Select Services

1.25% of the value of the account between \$0 and \$1M
0.65% of the value of the account between \$1M and up to \$2M
0.55% of the value of the account between \$2M and up to \$5M
0.35% of the value of the account between \$5M and up to \$10M

Opes Access Services

1% of the value of the account

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the

Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant 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.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that *Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* 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 that clients may incur, 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).

Tradeaway/Prime Broker Fees. If, in the reasonable determination of Registrant that it would be beneficial for the client, individual equity and/or fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (i.e., Schwab).

- 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 *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. Neither the Registrant nor its representatives accept compensation from the sale of securities or other investment products.

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, and pension and profit sharing plans.

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

- A. The Registrant shall utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
 - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
 - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Limited Liquidity Purchases (securities that can be purchased or redeemed only at specified times)

Please Note: Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. 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).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, 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 Limited Liquidity Purchases - 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.

- C. Currently, the Registrant primarily allocates client investment assets among various

individual equity and fixed income securities and/or mutual funds, on a discretionary basis in accordance with the client's designated investment objective(s).

A brief description of each of Registrant's Premier and Select Program asset allocation models are as follows:

Premier Program: Full featured offering, with Location Optimization and full complement of Mutual Fund Alternative Investments.

Moderate Growth - Seeks capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers a high level of growth potential with a commensurate level of year-to-year volatility.

Conservative Growth - Seeks capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers a moderately high level of growth potential with a commensurate level of year-to-year volatility.

Balanced Growth - Seeks capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers a moderate level of growth potential with a commensurate level of year-to-year volatility.

Balanced - Seeks a balance of capital appreciation and stability over full market cycles while generally maintaining broad global diversification. This allocation offers lower growth potential and year-to-year volatility as compared to the overall equity market.

Balanced Income - Seeks capital stability and moderate capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers higher growth potential and year-to-year volatility as compared to the overall fixed income market.

Moderate Income - Seeks capital stability and modest capital appreciation over full market cycles while generally maintaining global diversification. This allocation offers a moderately high level of capital preservation potential with a moderately low level of year-to-year volatility.

Pure Income - Seeks capital stability over full market cycles while generally maintaining some global diversification. This allocation offers a high level of capital preservation potential with a low level of year-to-year volatility.

Balanced Equity Income - Seeks to provide income and moderate capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers higher growth potential and year-to-year volatility as compared to the overall fixed income market.

Select Program: The Select Program offers 8 portfolios, similar to the Premier Program, but does not include Location Optimization, and contains fewer Alternative investments. Separate Account Managers are not available in the Select Program.

Moderate Growth - Seeks capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers a high level of growth potential with a commensurate level of year-to-year volatility.

Conservative Growth - Seeks capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers a moderately high level of growth potential with a commensurate level of year-to-year volatility.

Balanced Growth - Seeks capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers a moderate level of growth potential with a commensurate level of year-to-year volatility.

Balanced - Seeks a balance of capital appreciation and stability over full market cycles while generally maintaining broad global diversification. This allocation offers lower growth potential and year-to-year volatility as compared to the overall equity market.

Balanced Income - Seeks capital stability and moderate capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers higher growth potential and year-to-year volatility as compared to the overall fixed income market.

Moderate Income - Seeks capital stability and modest capital appreciation over full market cycles while generally maintaining global diversification. This allocation offers a moderately high level of capital preservation potential with a moderately low level of year-to-year volatility.

Pure Income - Seeks capital stability over full market cycles while generally maintaining some global diversification. This allocation offers a high level of capital preservation potential with a low level of year-to-year volatility.

Balanced Equity Income - Seeks to provide income and moderate capital appreciation over full market cycles while generally maintaining broad global diversification. This allocation offers higher growth potential and year-to-year volatility as compared to the overall fixed income market.

Opes Access

Opes may, through its Opes Access Program, allocate investment management assets of its client accounts, on a discretionary basis, among one or more asset allocation programs as designated on the Investment Advisory Agreement. Opes Access asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Opes's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Opes's management of client assets through Opes Access:

1. Initial Interview – at the opening of the account, Opes, through its designated representatives, shall obtain from the client information sufficient to determine the client’s financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client’s financial situation and investment objectives;
3. Quarterly Notice – at least quarterly Opes shall notify the client to advise Opes whether the client’s financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, Opes shall contact the client to determine whether the client’s financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – Opes shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct Opes not to purchase certain mutual funds;
8. No Pooling – the client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Risks Specific to Opes Access

ETFs in which the strategy may invest involve certain inherent risks generally associated with investments in a portfolio of securities, including the risk that the general level of security prices may decline, thereby adversely affecting the value of each unit of the ETF. Moreover, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or the number of securities held. ETFs in which the strategies invest have their own fees and expenses as set forth in the ETF prospectuses. ETFs may have exposure to derivative instruments, such as futures contracts, forward contracts, options, and swaps. There is a risk that a derivative may not perform as expected. The main risk with derivatives is that some types can amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative, or that the counterparty may fail to honor its contract terms, causing a loss for the ETF. Use of these instruments may also involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk, and the risk that an ETF could not close out a position when it would be most advantageous to do so. Some ETFs available, including Schwab ETFs™, are less than 10 years old. Accordingly, there is limited data available to use when assessing the investment risk of some of these ETFs. As a result, one or more of the following may occur:

(i) poor liquidity in or limited availability of the ETFs, or (ii) lack of market depth causing the ETFs to trade at excessive premiums or discounts.

Item 9 Disciplinary Information

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

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a 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. 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. 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.

- B. 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.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create 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 thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. 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. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Schwab* (or another broker-dealer/custodian investment platform, unaffiliated investment manager, and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be 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.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* 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, David Firth, 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 such arrangement may create.

Brokerage Practices Under Opes Access

Client accounts enrolled in Opes Access are maintained at, and receive the brokerage services of, Schwab, a broker-dealer registered with the SEC and a FINRA/SIPC member. While clients are required to use Schwab as custodian/broker to enroll in Opes Access, the client decides whether to do so and opens its account with Schwab by entering into a brokerage account agreement directly with Schwab. Opes does not open the account for the client. If the client does not wish to place his or her assets with Schwab, then Opes cannot manage the client's account through Opes Access. Schwab may aggregate purchase and sale orders for ETFs across accounts enrolled in Opes Access, including both accounts for Opes's clients and accounts for clients of other independent investment advisory firms using the Platform.

Schwab Advisor Services

Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide Opes and its

clients with access to its institutional brokerage –trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer Opes’s client accounts while others help Opes to manage and grow its business. Schwab also provides monetary assistance to Opes to defray certain costs related be towards technology, compliance, legal, business consulting and other related expenses. Schwab’s support services are generally available on an unsolicited basis (Opes doesn’t have to request them) and at no charge to Opes as long as it maintains a total of at least \$45 million of its clients’ assets in accounts at Schwab. Here is a more detailed description of Schwab’s support services:

Services that Benefit the Client

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

Services that May Not Directly Benefit the Client

Schwab also makes available to Opes other products and services that benefit Opes but may not directly benefit clients or their accounts. These products and services assist Opes in managing and administering its clients’ accounts. They include investment research (both Schwab’s own and that of third parties). Opes may use this research to service all or some substantial number of Opes’s client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of Opes’s fees from its clients’ accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Opes

Schwab also offers other services intended to help Opes manage and further develop its business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

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

The availability of these services from Schwab benefits Opes because it does not have to produce or purchase them. Opes does not have to pay for Schwab's services so long as it maintains a specific amount of client assets in accounts at Schwab. (Beyond that, these services are not contingent upon Opes committing any specific amount of business to Schwab in trading commissions or assets in custody.) The specific client asset minimum may give Opes an incentive to request that clients maintain their account with Schwab based on Opes's interest in receiving Schwab's services that benefits Opes's business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of transactions. This presents a **conflict of interest**. To mitigate this conflict, Opes only makes such a recommendation when it believes that the selection of Schwab as broker-dealer/custodian is reasonably tailored to the client's best interests based upon the factors discussed above.

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

The Registrant's Chief Compliance Officer, David Firth, 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 each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at

approximately the same time. The Registrant may (but is not obligated to) combine 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 orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment advisory services, account reviews are conducted on an ongoing basis by the Registrant’s Principals and/or its representatives. All 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 telephonically) 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 **may** conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom Registrant provides investment advisory services other than Opes Acess will also receive a quarterly report from the Registrant summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant receives an economic benefit from *Schwab* because it may receive support services and/or products from *Schwab* without cost or at a discount.

Registrant’s clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* 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, David Firth, 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. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor,

Registrant **may** pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

Item 15 Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom Registrant provides investment advisory services will also receive a quarterly report from the Registrant summarizing account activity and performance.

Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.

Please Also Note: The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

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 any time, 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. Unless a client directs otherwise in writing, Opes, in conjunction with the proxy voting and due diligence services provided by Broadridge Financial Solutions, Inc. ("Broadridge"), or

its successors or assigns, shall be responsible for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted. Opes and/or the client shall correspondingly instruct each custodian of the assets to forward to Registrant copies of all proxies and shareholder communications relating to the assets. Opes, in conjunction with the services provided by Broadridge, shall monitor corporate actions of individual issuers and investment companies consistent with Opes's fiduciary duty to vote proxies in the best interests of its clients. With respect to individual issuers, Opes may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), Opes may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. Opes shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2(c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how Opes voted on any specific proxy issue is also available upon written request.

Alternatively, clients may, at their written election, choose to receive proxies related to their own accounts, in which case Opes may consult with clients as they may request. With respect to ERISA accounts, Opes will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct Opes to vote a proxy in a particular manner, clients should contact our Chief Compliance Officer, David Firth, by telephone, electronic mail, or in writing.

Registrant will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by Opes that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If Opes has a conflict of interest in voting a particular action, it will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting David Firth directly. Clients may request, in writing, information on how proxies for his or her shares were voted. If any client requests a copy of the Firm's complete proxy policies and procedures or how it voted proxies for his or her accounts, Registrant will promptly provide such information to the client.

Registrant will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's accounts, including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, Opes will make commercially reasonable efforts to forward such notices in a timely manner.

- B. The Registrant does not have authority to vote proxies with respect to assets managed through *Schwab's* Separately Managed Account programs or the *Schwab* Online Program. In such cases, Registrant has designated *Schwab* to vote proxies for the ETFs held in their accounts, and to process proxy votes and corporate actions through and in accordance

with the policies and recommendations of a third party proxy voting service provider retained by *Schwab* for this purpose. Additional information about this arrangement is available in the Program Disclosure Brochure.

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, David Firth, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.