

**Item 1 – Cover Page**

Registered as Knox Wealth Partners Advisory, LLC | CRD No. 288580



**ADVISORY**

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January 17, 2019

## **WRAP Fee Program Brochure**

**NOTICE TO PROSPECTIVE CLIENTS: READ THIS DISCLOSURE BROCHURE IN ITS ENTIRETY**

This brochure provides information about the qualifications and business practices of Knox Wealth Partners Advisory. If you have any questions about the contents of this brochure, please contact us at (865) 291-2424 or Bill. 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 Knox Wealth Partners Advisory is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Disclosure Brochure may be requested by contacting us at (865) 291-2422.

Additional information about Knox Wealth Partners Advisory is available via the SEC's Web Site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's Web Site also provides information about any persons affiliated with Knox Wealth Partners Advisory who are registered, or are required to be registered, as investment adviser representatives of Knox Wealth Partners Advisory.

The summary below discusses only material changes since our last annual update of this brochure dated March 28, 2018:

None.

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## **ITEM 4 – Services, Fees and Compensation**

### **Services**

Knox Wealth Partners Advisory (“Advisor”) offers asset management services based on the individual needs of the client. This Brochure provides a description of the advisory services offered under the Knox Wealth Partners Advisory Wrap program. For more information about Knox Wealth Partners Advisory’s other investment advisory services, please contact Knox Wealth Partners Advisory for a copy of a similar brochure that describes such services or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

In the Knox Wealth Partners Advisory Wrap program, investment advisor representatives (“IARs”) provide ongoing investment advice and management on assets in the client’s account. Knox Wealth Partners Advisory provides advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds (“ETFs”), variable annuity subaccounts, equities, fixed income securities. Knox Wealth Partners Advisory provides advice that is tailored to the individual needs of the client based on the investment objective chosen by the client.

### **Firm Management**

**William A. Timm, Managing Partner & Chief Compliance Officer (CRD No. 323169)** - Bill began his financial planning career in 1999, where he worked as an Advisor at a regional brokerage firm before opening an independent practice in 2008. A graduate of the University of Pittsburgh, Bill earned a Master's Degree in Business Administration and he holds the Accredited Asset Management Specialist (AAMS) Designation and holds the securities license series 7, 24, 63, and 66.

**W. Porter Alexander, Managing Partner (CRD No. 4151849)** - Porter Alexander has over a decade of experience in the Financial Services industry, Porter's hallmark has been to understand each client specifically and to assess the often unintended benefit or consequence of the solutions being implemented. He draws from his wide knowledge of business, investment, and accounting concepts to get to the root of the issues in order to design a strategy with the goal of assisting owners with growing their business, saving on taxes, keeping their employees, and positioning for a seamless retirement. Before entering the financial strategy field, Porter grew up in his family's construction business. This experience gives him the understanding of the opportunities and challenges of being the next generation within a family-owned business. Mr. Alexander was awarded the CERTIFIED FINANCIAL PLANNER™ designation, after having completed the rigorous academic requirements, ethics requirements, and industry experience mandates. He also holds the securities license series 6, 7, 24, 63.

**Brian L. Russell, Managing Partner (CRD No. 3267319)** - Brian graduated Valedictorian of his high school and is a Cum Laude graduate of East Tennessee State University. Brian has worked in the financial services industry since the late 90's and attained the designation of Accredited Asset Management Specialist (AAMS). Brian applies his product knowledge and retirement planning experience to help his clients pursue their financial goals, that consist primarily of retirement, education, insurance and estate planning. and holds the securities license series 7, 63, and 66.

**Charles F. Farmer, Managing Partner (CRD No. 2245087)** - Chuck Farmer is a veteran of the financial services industry with over 20 years of experience. A graduate of the University of North

Carolina, Chapel Hill, and Princeton Theological Seminary, Chuck specializes in delivering option-driven products and services for his business, estate, and retirement planning clients. He enhances the company's expertise in the areas of business continuation planning, income and estate planning, and business employee relations and development. Chuck holds the designation of Chartered Financial Consultant and Chartered Life Underwriter from the American College, Bryn Mawr, PA, and holds the securities license series 6 and 63.

**Jack R. Meece, Managing Partner (CRD No. 4729386)** - A graduate of The University of Tennessee, Jack has over 13 years of experience as a financial advisor and planner. He served as a financial advisor with Edward Jones Investments before becoming an independent financial advisor with LPL and partner with Knox Wealth Partners. Jack enjoys partnering with individuals and providing appropriate, timely, and objective advice with the highest levels of professional service. He specializes in planning for retirement and income replacement in retirement. He holds the Accredited Asset Management Specialist designation and holds the securities license series 7, 63, and 66. Jack is also insurance licensed with a focus on life insurance and long-term care insurance.

**Kristen T. Tucker, Managing Partner (CRD No. 4266988)** - Kristen has worked in the financial services industry since 1999, having started her career at First Tennessee Bank in downtown Knoxville, TN. She has since worked as a Financial Advisor for two of the major wirehouse firms, before making the decision to move her practice to the independent channel. This move was based on her desire to provide truly unbiased and objective advice in an environment where her clients' best interests would always be first. In 2006, Kristen was awarded the CERTIFIED FINANCIAL PLANNER™ designation, after having completed the rigorous academic requirements, ethics requirements, and industry experience mandates. She applies this knowledge to her practice as she works closely with each client to develop and implement their personal financial plan, which serves as the foundation for every relationship. Kristen holds a B.S. from the University of Tennessee, Knoxville and holds the securities license series 7 and 66.

## **The Firm**

Knox Wealth Partners Advisory is a comprehensive financial services firm dedicated to providing our clients with an individually tailored approach to investing and risk management. The firm has been an independent SEC investment adviser since 2017 but has over 75 years of experience. Knox Wealth Partners Advisory is anchored by in-depth knowledge, transparent guidance, and compassionate service to select families and business owners.

The firm offers discretionary and non-discretionary asset management services primarily to individual and business owners. Financial planning services are included as part of a comprehensive asset management offering or as a separate service offering. Plans may include a written financial plan. The firm does not directly hold cash or securities or have direct access to client funds. The firm has a custodial relationship with LPL Financial as the qualified custodian.

- Investment adviser representatives of Knox Wealth Partners Advisory are also investment adviser representatives of LPL Financial, an SEC registered investment adviser (CRD No. 6413) in order to provide advisory services to retirement plans through LPL Financial sponsored platforms.
- Investment adviser representatives of Knox Wealth Partners Advisory, are registered representatives of LPL Financial, a FINRA/SIPC member broker/dealer, to offer brokerage

services.

- Certain investment advisor representatives are insurance agents appointed with various insurance carriers to offer insurance products.
- The overall focus of the firm is approximately 80% to 85% advisory services, approximately 10% to 15% brokerage services and approximately 5% to 10% insurance business.

While Knox Wealth Partners Advisory has engaged LPL Financial, LLC to act in a custodial capacity and investment adviser representatives of Knox Wealth Partners Advisory are individually registered with LPL Financial as a broker/dealer and also investment adviser representatives of LPL Financial as an SEC registered investment adviser. LPL Financial LLC is a separate and legally unaffiliated entity.

## **Fees**

In the Knox Wealth Partners Advisory Wrap program, clients pay Knox Wealth Partners Advisory a single annual advisory fee for advisory services and execution of transactions. Clients do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the advisory fee. The advisory fee is negotiable between the client and Knox Wealth Partners Advisory and is set out in the advisory agreement.

The advisory fee is a percentage based on the value of all assets in the account, including cash holdings. The maximum advisory fee will not exceed 2.75%.

- ☐ The advisory fee is paid to Knox Wealth Partners Advisory and is shared between Knox Wealth Partners Advisory and its associated persons.
- ☐ The advisory fee may be higher than the fee charged by other investment advisors for similar services.
- ☐ Knox Wealth Partners Advisory does not accept performance-based fees for program accounts.

The advisory fees will be calculated and deducted on a quarterly basis in advance. If the advisory agreement is terminated before the end of the quarterly period, the client is entitled to a pro-rated refund of any pre-paid quarterly advisory fee based on the number of days remaining in the quarter after the termination date, which will be processed by the custodian.

Although clients do not pay a transaction charge for transactions in a program account, clients should be aware that Knox Wealth Partners Advisory pays the custodian transaction charges for the transactions. The transaction charges paid by Knox Wealth Partners Advisory vary based on the type of transaction (e.g., mutual fund, equity or fixed income security) and range from \$0 to \$50. Because Knox Wealth Partners Advisory pays the transaction charges in program accounts, there is a conflict of interest. Clients should understand that the cost to Knox Wealth Partners Advisory of transaction charges may be a factor that Knox Wealth Partners Advisory considers when deciding which securities to select and how frequently to place transactions in a program account.

## **Other Types of Fees and Charges**

Program accounts will incur additional fees and charges from parties other than Knox Wealth Partners Advisory as noted below. These fees and charges are in addition to the advisory fee paid to Knox Wealth Partners Advisory. Knox Wealth Partners Advisory does not share in any portion of these third-party fees.

The custodian and executing broker-dealer will impose certain fees and charges. Clients are notified of these charges at account opening. The custodian will deduct these fees and charges directly from the client's program account.

There are other fees and charges that are imposed by other third parties that apply to investments in program accounts. Some of these fees and charges are described below.

- ☐ If a client's assets are invested in mutual funds or other pooled investment products, clients should be aware that there will be two layers of advisory fees and expenses for those assets. Clients pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. Clients will also pay Knox Wealth Partners Advisory the advisory fee with respect to those assets. Most of the mutual funds available in the program may be purchased directly. Therefore, clients could generally avoid the second layer of fees by not using the management services of Knox Wealth Partners Advisory and by making their own investment decisions.
- ☐ Certain mutual funds impose fees and charges such as contingent deferred sales charges, early redemption fees and charges for frequent trading. These charges may apply if client transfers into or purchases such a fund with the applicable charges in a program account.
- ☐ Although only no-load and load-waived mutual funds can be purchased in a program account, clients should understand that some mutual funds pay asset based sales charges or service fees (e.g., 12b-1 fees) to the custodian with respect to account holdings.
- ☐ If a client holds a variable annuity as part of an account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor.

Further information regarding fees assessed by a mutual fund, or variable annuity is available in the appropriate prospectus, which is available upon request from Knox Wealth Partners Advisory or from the product sponsor directly.

## **Other Important Considerations**

- ☐ The advisory fee is an ongoing wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. The advisory fee may cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the type and size of the account, historical and or expected size or number of trades for the account, and number and range of supplementary advisory and client-related services provided to the client.

- ☐ The advisory fee also may cost the client more than if assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a program account.
- ☐ Knox Wealth Partners Advisory receives compensation when a client participates in the program. This compensation includes the advisory fee and other compensation, such as financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist with providing various services to clients. The amount of this compensation may be more or less than what Knox Wealth Partners Advisory would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, Knox Wealth Partners Advisory may have a financial incentive to recommend a program account over other programs and services.
- ☐ The investment products available to be purchased in the program can be purchased by clients outside of a program account, through broker-dealers or other investment firms not affiliated with Knox Wealth Partners Advisory.
- ☐ Investment advisor representatives may also be licensed insurance agents. In the capacity of an insurance agent, they may recommend the purchase of certain insurance-related products on a commission basis in addition to advisory fees.
- The purchase of securities and/or insurance products that pay a commission represent a conflict of interest, as the receipt of commissions provides an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Investment advisor representatives of the firm. Clients may purchase investment products recommended by investment advisor representatives through other, non-affiliated broker/dealers or insurance agents. Such conflicts are subject to review by the Chief Compliance Officer for consistency with the firm's Code of Ethics.
- ☐ Knox Wealth Partners Advisory may establish agreements with a third-party adviser where that third-party adviser offers various types of directly sponsored programs. Knox Wealth Partners Advisory will ensure that any third-party adviser is properly registered and/or notice-filed with the Department.
- ☐ Knox Wealth Partners Advisory has a conflict of interest and an incentive to recommend one third-party advisers over another; however, the firm has a fiduciary duty to act in the best interests of the client.

#### **Item 5 – Account Requirements and Types of Clients**

There is generally no minimum required for the program. Knox Wealth Partners Advisory generally provides advice for individuals and high net worth individuals as well as small businesses. However, the advisory services offered by Knox Wealth Partners Advisory are also available to



banks and thrift institutions, estates, charitable organizations as well as state and municipal government entities, corporations and pension plans as such opportunities may arise.

#### **Item 6 – Portfolio Manager Selection and Evaluation**

In the Knox Wealth Partners Advisory Wrap program, Knox Wealth Partners Advisory is responsible for the investment advice and management offered to clients.

Investment advisor representatives of Knox Wealth Partners Advisory serve as the portfolio manager and are generally required to have several years of experience dealing with individuals and small business as well as a college degree and/or industry professional designation. Since investment advisor representatives directly serve as the portfolio manager there is not a selection process for replacing or recommending outside portfolio managers.

Account performance reports are provided by Knox Wealth Partners Advisory or the custodian on a quarterly basis.

There are no differences between how the wrap fee program is managed and how other accounts are managed. However, Knox Wealth Partners Advisory may charge a higher fee, up to 2.75%, and receive a portion of the wrap fee for services provided. The combined total fee will not exceed 2.75%. The program may cost more or less than purchasing such services separately.

The other programs provided by the adviser include:

- **Asset Management**

Knox Wealth Partners Advisory through its investment advisor representatives provides ongoing investment advice and management on assets in the client's advisory account held by an approved custodian to support investment advisory services provided by Knox Wealth Partners Advisory to our clients. More specific account information and acknowledgements are further detailed on the account application.

Investment advisor representatives provide advice on the purchase and sale of various types of investments, such as mutual funds, unit investment trusts ("UITs"), exchange-traded funds ("ETFs"), exchange-traded notes ("ETNs"), leveraged and inverse ETFs, ETNs and mutual funds, options, structured products, hedge funds and managed futures, annuities, real estate investment trusts ("REITs"), equities, and fixed income securities. The advice is tailored to the individual needs of the client based on the investment objective chosen by the client in order to help assist clients in attempting to meet their financial goals. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client's investment profile.

As of December 31, 2018, the firm has \$17,000,000 of discretionary assets and \$115,000,000.00 non-discretionary assets under management.

An investment advisor representative recommending the wrap fee program receives compensation as a result of a client's participation in the program. The amount of this compensation may be more than what the person would receive if the client participated in other programs or paid separately for investment advice, brokerage, and other services. Therefore,

investment advisor representatives may have a financial incentive to recommend the wrap fee program over other programs or services.

There may be additional fees on assets held in the wrap program, such as mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers. A more detailed description of these fees and circumstances is detailed above in Item 4 above.

Neither the firm or any supervised persons accepts performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a client such as a hedge fund or other pooled investment vehicle. Neither the firm or any supervised persons manages side-by-side accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee.

Investment advisor representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement.

However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client. Investment advisor representatives are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client.

For more information about the investment advisor representative managing the account, client should refer to the Brochure Supplement for the associated person, which client should have received along with this Brochure at the time client opened the account.

The Custodians perform certain administrative services for Knox Wealth Partners Advisory, including generation of quarterly performance reports for program accounts. Client will receive an individual quarterly performance report, which provides performance information on a time weighted basis. The performance reports are intended to inform clients as to how their investments have performed for a period, both on an absolute basis and compared to leading investment indices.

## **Methods of Analysis and Investment Strategies**

A client's portfolio may include assets of publicly held companies in the United States and foreign markets. This may include both equities and fixed income assets. Other options may include domestic and foreign debt instruments (i.e. government and corporate bonds), real estate investment trusts and mutual funds or private placements that invest in natural resources or managed futures (markets such as, and not limited to, currency, commodity, agriculture and energy).

Each market may function and change in different ways depending on supply and demand, current events and investor behaviors. While our goal is to help increase a client's net worth, there is potential for losses in market, principal, and interest values. These changes may also affect a client's tax situation and filings.

Mutual funds are typically held for at least a year but may be exchanged (no transaction cost to client) during the year to properly align an account with its asset allocation mode l. Holding mutual funds for less than a year can result in contingent deferred sales charges and short-term gains or losses in non-qualified accounts.

Analysis and strategies are generally based on:

- Publicly Available Data
- A Client's Net Worth
- Risk Tolerance
- Goals for Investment Account Funds
- Commentary and Information Obtained from Analysts at Preferred Mutual Fund or Variable Annuity Firms

The firm may use one or more of the following methods: fundamental analysis and technical analysis, cyclical analysis and charting analysis in order to formulate investment advice when managing assets. Depending on the analysis the firm will implement a long or short-term trading strategy based on the particular objectives and risk tolerance of each individual client.

- **Fundamental Analysis** – involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.
- **Technical Analysis** – involves the analysis of past market data; primarily price and volume. Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.
- **Cyclical Analysis** – involves the analysis of business cycles to find favorable conditions for buying and/or selling a security. Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold:
  - the markets do not always repeat cyclical patterns; and,
  - if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.
- **Charting Analysis** - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.

Investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s). Past performance is not indicative of future results.

The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations.

## **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms or insulate clients from losses due to market corrections or declines. You also must understand that past performance is not indicative of future results. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk.

The following are examples of investment risks that should be considered:

- **Market Risk** – the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk** – the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk** – the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Business Risk** – the measure of risk associated with a particular security. It is also known as unsystematic risk and refers to the risk associated with a specific issuer of a security. Generally speaking, all businesses in the same industry have similar types of business risk. More specifically, business risk refers to the possibility that the issuer of a particular company stock or a bond may go bankrupt or be unable to pay the interest or principal in the case of bonds.
- **Taxability Risk** – the risk that a security that was issued with tax-exempt status could potentially lose that status prior to maturity. Since municipal bonds carry a lower interest rate than fully taxable bonds, the bond holders would end up with a lower after-tax yield than originally planned.
- **Call Risk** – the risk specific to bond issues and refers to the possibility that a debt security will be called prior to maturity. Call risk usually goes hand in hand with reinvestment risk because the bondholder must find an investment that provides the same level of income for equal risk. Call risk is most prevalent when interest rates are falling, as companies trying to save money will usually redeem bond issues with higher coupons and replace them on the bond market with issues with lower interest rates.
- **Inflationary Risk** – the risk that future inflation will cause the purchasing power of cash flow from an investment to decline.
- **Liquidity Risk** – the possibility that an investor may not be able to buy or sell an investment as and when desired or in sufficient quantities because opportunities are limited.

- **Market Risk** – the risk that will affect all securities in the same manner caused by some factor that cannot be controlled by diversification.
- **Reinvestment Risk** – the risk that falling interest rates will lead to a decline in cash flow from an investment when its principal and interest payments are reinvested at lower rates.
- **Social/Political** – the possibility of nationalization, unfavorable government action or social changes resulting in a loss of value.
- **Legislative Risk** – the risk of a legislative ruling resulting in adverse consequences.
- **Currency/Exchange Rate Risk** – the risk of a change in the price of one currency against another.

### **Types of Investments (Examples, not limitations)**

- **Mutual Funds** – A pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.
  - **Open-End Mutual Funds** – a type of mutual fund that does not have restrictions on the amount of shares the fund will issue and will buy back shares when investors wish to sell. Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature
  - **Closed-End Mutual Funds** – a type of mutual fund that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed and traded like a stock on a stock exchange.

Clients should be aware that closed-end funds available within the program are not readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.

- **Alternative Strategy Mutual Funds** – Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund’s concentration in the real estate industry.
- **Unit Investment Trust (UIT)** – An investment company that offers a fixed, unmanaged portfolio, generally of stocks and bonds, as redeemable “units” to investors for a specific period of time. It is designed to provide capital appreciation and/or dividend income. UITs can be resold in the secondary market. A UIT may be either a regulated investment corporation (RIC) or a grantor trust. The former is a corporation in which the investors are joint owners; the latter

grants investors proportional ownership in the UIT's underlying securities.

- **Equity** – Investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environment.
- **Exchange Traded Funds (ETFs)** – An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.
- **Exchange-Traded Notes (ETNs)** – An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer’s ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer’s credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.
- **Fixed Income** – Investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.
- **Options** – Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Client should be

aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.

- **Options Trading/Writing** – Is a securities transaction that involves buying or selling (writing) an option. If you write an option and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option. Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.
- **Structured Products** – Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.
- **Hedge Funds and Managed Futures** – Hedge and managed futures funds are available for purchase in the program by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of

the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.

- **Annuities** – Are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.
- **Variable Annuities** – If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.
- **Index-Linked Annuities** – Designed for investors seeking equity and commodity index linked, tax deferred growth potential with downside protection levels. Such annuities include a built-in downside buffer to reduce or potentially eliminate the negative impact of market volatility up to some percentage level combined with a performance cap on the potential upside appreciation. The downside protection level prevents a loss below a certain level and the cap limits appreciation beyond a certain level.
- **Non-U.S. Securities** – Present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.
- **Margin Accounts** – Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account go up, but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports.
- **Long-Term Purchases** – Are securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short-Term Purchases** – Are securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Other investment types may be included as appropriate for a particular client and their respective trading objectives.



## **Voting Client Securities**

Knox Wealth Partners Advisory does not vote client proxies. Clients will otherwise receive their proxies or other solicitations directly from their custodian. Clients may contact Knox Wealth Partners Advisory at (865) 291-2424 to discuss any questions they may have with a particular proxy vote. To request assistance on a proxy voting issue please contact the offering company.

However, third party money managers selected or recommended by our firm may vote proxies for clients. Therefore, except in the event a third-party money manager votes proxies, clients maintain exclusive responsibility for:

- (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted; and,
- (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Therefore (except for proxies that may be voted by a third-party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

## **Item 7 – Client Information Provided to Portfolio Managers**

In the Knox Wealth Partners Advisory Wrap program, Knox Wealth Partners Advisory is responsible for account management; there is no separate portfolio manager involved. Knox Wealth Partners Advisory obtains the necessary financial data from the client and assists the client in setting an appropriate investment objective for the account. Knox Wealth Partners Advisory obtains this information by having the client complete an advisory agreement and other documentation. Clients are encouraged to contact Knox Wealth Partners Advisory if there have been any changes in the client's financial situation or investment objectives or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions. Client should be aware that the investment objective selected for the program is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. Client should further be aware that achievement of the stated investment objective is a long-term goal for the account.

The Firm policy requires an annual client meeting (one review every 12 months) to determine if there have been any changes in the client's financial situation, investment objectives, or restrictions. In addition, the meeting should incorporate the account performance, appropriateness of the account, and any other information determined pertinent to the client situation. The annual meeting may occur by phone, in person, via e-mail, or via video conference and documentation will be maintained to evidence that at a minimum the following topics were reviewed:

- The client's financial status
- Risk Tolerance
- Time Horizon
- Investment Objective and Goals
- Asset Allocation and/or Account Holdings

Additionally, on an annual basis, IARs should review the performance of the client's advisory account and investment objectives.

### **Item 8 – Client Contact with Portfolio Managers**

Client should contact Knox Wealth Partners Advisory at any time with questions regarding program account.

### **Item 9 – Additional Information**

#### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an advisory firm or the integrity of a firm's management.

Any such disciplinary information for the company and the company's investment advisor representatives would be provided herein and publicly accessible by selecting the Investment Advisor Search option at <http://www.adviserinfo.sec.gov>. There are no legal or disciplinary events to disclose.

#### **Other Financial Industry Activities and Affiliations**

Investment advisor representatives may also be registered representatives of LPL Financial, an unaffiliated SEC registered and FINRA/SIPC member broker/dealer. Clients may choose to engage an investment advisor representative in their capacity as a registered representative of the unaffiliated LPL Financial broker/dealer, to implement investment recommendations on a commission basis. Investment advisor representatives of Knox Wealth Partners Advisory may receive compensation for the sale of securities or other investment products in their capacity as a registered representative of LPL Financial.

Representatives of our firm may also be insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. Insurance products will only be offered in states where the representative offering insurance is properly licensed.

A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation Knox Wealth Partners Advisory and/or our supervised persons may earn and may not necessarily be in the best interests of the client. Such potential conflicts of interest are subject to review by the Chief Compliance Officer.

- Neither Knox Wealth Partners Advisory nor any of the management persons are registered or has a registration pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- Knox Wealth Partners Advisory will ensure third party investment advisers are properly registered, licensed, and/or notice-filed with the appropriate state(s).
- Knox Wealth Partners Advisory may or may not have discretion over client funds as indicated in the advisory agreement.
- Knox Wealth Partners Advisory does not require or solicit prepayment of more than \$1,200

in fees per client, six months or more in advance or otherwise have actual or constructive custody of client funds.

- There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time Knox Wealth Partners Advisory been the subject of a bankruptcy petition.

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Knox Wealth Partners Advisory maintains a Code of Ethics, which serves to establish a standard of business conduct for all employees that are based upon fundamental principles of openness, integrity, honesty and trust.

- The code of ethics includes guidelines regarding personal securities transactions of its employees and investment advisor representatives.
  - As disclosed in the Conflicts of Interests section, the code of ethics permits employees and investment advisor representatives or related persons to invest for their own personal accounts in the same or different securities that an investment advisor representative may purchase for clients in program accounts.
  - Neither Knox Wealth Partners Advisory nor a related person recommends to clients, or buys or sells for client accounts, securities in which they or a related person has a material financial interest.
- An investment adviser is considered a fiduciary.
  - As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times.
  - A fiduciary duty is considered the core underlying principle for a Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures.
  - All of our supervised persons must conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times.
  - Upon employment or affiliation, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with the Code of Ethics.

This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

### **Review of Accounts**

Investment advisor representatives conduct reviews of client advisory accounts on a periodic basis (at least annually) for consistency with the client's stated investment objectives, among other

factors. All investment advisory clients are advised that it remains their responsibility to advise Knox Wealth Partners Advisory of any changes in their investment objectives and/or financial situation. IARs, may also conduct account reviews based on the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and by client request.

All clients (in person or via telephone) are encouraged to review financial planning issues (the extent applicable), investment objectives and account performance with their IAR on an annual basis.

During a month where there is activity in the program account, clients will receive a monthly account statement from LPL showing account activity as well as positions held in the account at month end. Additionally, clients will receive a confirmation of each transaction that occurs within the program account unless the transaction is the result of a systematic purchase, redemption or exchange. Clients will also receive a detailed quarterly report showing performance, positions and activity from LPL Financial.

For advisory accounts held at custodians and third-party advisors other than LPL, accounts will be reviewed based on similar criteria.

### **Other Compensation**

Knox Wealth Partners Advisory and its associated persons may receive additional non-cash compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Product sponsors may also pay for education or training events that may be attended by Knox Wealth Partners Advisory's employees and associated persons.

Knox Wealth Partners Advisory and its IARs may offer advisory services on the premises of unaffiliated financial institutions such as bank.

There are no other economic benefits provided by someone who is not a client for providing investment advice. However, financial assistance or the sponsorship of conferences and educational sessions, marketing support, incentive awards, payment of travel expenses, and tools to assist IAR in providing various services to clients may be provided by LPL Financial.

### **Financial Information Custody**

Knox Wealth Partners Advisory does not have actual or constructive custody of client funds. Clients of Knox Wealth Partners Advisory directly authorize a qualified custodian to deduct the firm's investment management advisory fees in advance from their account.

- The custodian sends statements at least quarterly to clients showing all disbursements in account including the amount of the advisory fees paid to advisor, the value of client assets upon which advisor's fee was based, and the specific manner in which advisor's fee was calculated.

- Payment of fees may result in the liquidation of a client's positions if there are insufficient funds in the account.
- Fees are assessed on all assets in the account(s), including securities, cash or money market balances.
- Margin debits do not reduce the value of the assets in the account for billing purposes.

Clients should review the fee calculated and deducted by the custodian to ensure that the fees were calculated correctly.

## **Brokerage Practices**

### **LPL Financial LLC**

All investment adviser representatives of Knox Wealth Partners Advisory are also registered representatives of LPL and will recommend LPL Financial for securities transactions.

- Knox Wealth Partners Advisory does not maintain discretionary authority in determining the broker/dealer with whom orders for the purchase and sale of securities are placed for execution.
- Knox Wealth Partners Advisory does not have discretion regarding the commission rates at which such transactions are effected.

Each asset management client of Knox Wealth Partners Advisory will be required to establish an LPL Financial account.

## **Soft Dollars**

Knox Wealth Partners Advisory does not receive soft dollar support services from LPL Financial. Support services are provided without cost, at a discount, and/or at a negotiated rate, and may include the following:

- 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;
- consulting services;
- attendance at conferences, meetings, and other educational and/or social events;
- marketing support;
- computer hardware and/or software; and,
- other products and services used in furtherance of investment advisory business operations.

These support services are not considered "soft dollar" because they are provided to Knox Wealth Partners Advisory based on the overall relationship without regard to a minimum production standard or the amount of assets under management.

## **Best Execution**

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 we will seek competitive rates, for the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our recommendations to our clients are based on our clients' interests in receiving best execution and the level of competitive, professional services.

## **Trade Aggregation**

For advisory services, Knox Wealth Partners Advisory and its related persons may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. Knox Wealth Partners Advisory and its related persons may determine not to aggregate transactions, for example, based on the size of the trades, number of client accounts, the timing of trades, and the liquidity of the securities and the discretionary or non-discretionary nature of the trades. If Knox Wealth Partners Advisory or its related persons do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.