



**Summit Wealth Advisors, Inc.**

610 Main Street Suite 15  
Frisco, Colorado 80443  
Phone: 970-468-8800

January 31, 2019

Form ADV Part 2A Appendix 1 – Wrap Fee Program Brochure

This brochure provides information about the qualifications and business practices of Summit Wealth Advisors, Inc. ("Summit Wealth Advisors") If you have any questions about the contents of this brochure, please contact us at 970-468-8800. 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. Summit Wealth Advisors is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Summit Wealth Advisors, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a IARD number. The IARD number for Summit Wealth Advisors, Inc. is 288746.

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## ITEM 2 – Material Changes

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This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our Firm has made the following changes since our initial filing on January 31, 2018:

- As of January 1, 2019, Emily Messegee became a minority shareholder of Summit Wealth Advisors, Inc.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Emily Messegee at 970-468-8800.

We encourage you to read this document in its entirety.

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## ITEM 4 – Services, Fees & Compensation

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We offer a wrap fee program as described in this Wrap Fee Program Brochure. The Wrap Fee Program provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap fee program is generally considered any arrangement under which clients receive investment advisory services and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts. Prior to receiving services through the Program, clients are required to enter into a written agreement with our firm setting forth the relevant terms and conditions of the investment advisory relationship (the “Agreement”).

### Our Wrap Advisory Services

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We offer discretionary investment management and investment supervisory services for a fee based on a percentage of your assets under management. These services include investment analysis, allocation of investments, quarterly portfolio reports, financial commentaries, and ongoing monitoring of client portfolios. We primarily allocate client assets among various mutual funds, exchange-traded funds (“ETFs”), and individual debt (bonds) and equity securities in accordance with the client’s stated investment objectives.

We will work with you to obtain necessary information regarding your financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. This information enables us to determine the portfolio best suited for your investment objective and needs.

In performing our services, we shall not be required to verify any information received from you or from other professionals. If you request, we will recommend you engage the services of other professionals for implementation purposes. You have the right to decide whether or not to engage the services of any such recommended professional.

Once we have determined the types of investments to be included in your portfolio and allocated them, we will provide ongoing portfolio review and management services. This approach requires us to review your portfolio at least quarterly.

We will rebalance the portfolio, as we deem appropriate, to meet your financial objectives. We trade these portfolios and rebalance them based on the combination of our market views and your objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

In all cases, you have a direct and beneficial interest in your securities, rather than an undivided interest in a pool of securities. We do have limited authority to direct the Custodian to deduct

our investment advisory fees from your accounts, but only with the appropriate written authorization from you.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks may exist that adversely affect an account's performance. This could result in capital losses in your account.

### Financial Planning

Through the financial planning process, Summit Wealth Advisors, Inc. team strives to engage our clients in conversations around the family's goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With the unique goals and circumstances of each family in mind, Summit Wealth Advisors will offer financial planning ideas and strategies to address the client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer and family legacy objectives. Our team partners with our client's other advisors (CPA, estate attorney, insurance broker, etc.) to ensure a coordinated effort of all parties toward the client's stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets and periodic updates.

Our specific services in preparing your plan may include:

- Review and clarification of your financial goals;
- Assessment of your overall financial position including cash flow, balance sheet; investment strategy, risk management and estate planning;
- Creation of a unique plan for each goal you have including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession and other personal goals;
- Development of a goal-oriented investment plan, with input from various advisors to our clients around tax suggestions, asset allocation, expenses, risk and liquidity factors for each goal. This includes IRA and qualified plans, taxable and trust accounts that require special attention;
- Design of a risk management plan including risk tolerance, risk avoidance, mitigation and transfer, including liquidity as well as various insurance and possible company benefits; and
- Crafting and implementation of, in conjunction with your estate and/or corporate attorneys as tax advisor, an estate plan to provide for you and/or your heirs in the event of an incapacity or death.

A written Financial Plan is provided to the client. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

### Third Party Money Managers ("TPMM")

Summit Wealth Advisors provides investment advice and recommendations on the investment strategies of Third Party Money Managers ("TPMM"). Selected TPMMs are evaluated by Summit

Wealth Advisors for client use. Our services include assisting you in identifying your investment objectives and matching personal and financial data with a select list of TPMMs. The intent of this service is to have a selected list of high quality and recognizable third party investment management firms from which you select one or more TPMMs to handle the day-to-day management of your account(s). Following recommendations by our Investment Adviser Representatives (“IAR”), you will have final authority to select a TPMM. The IAR will assist you in completing appropriate documents.

Summit Wealth Advisors IARs assist clients with identifying their risk tolerance and investment objectives. IARs will recommend TPMMs in relation to the client’s stated investment objectives and risk tolerance. A client may select a recommended TPMM based upon the client’s needs. Clients will enter a Third Party Advisory Program Agreement directly with Summit Wealth Advisors as well as with the TPMM.

TPMMs selected for your investments need to meet several quantitative and qualitative criteria established by Summit Wealth Advisors. Among the criteria that may be considered are the TPMM’s experience, assets under management, performance record, client retention, the level of client services provided, investment style, buy and sell disciplines, capitalization level, and the general investment process.

You are advised and should understand that:

- **A TPMM’s past performance is no guarantee of future results;**
- There is a certain market and/or interest rate risk which may adversely affect any TPMM’s objectives and strategies, and could cause a loss in a Client's account(s); and
- Client risk parameters or comparative index selections provided to Summit Wealth Advisors are guidelines only and there is no guarantee that they will be met or not be exceeded.

Summit Wealth Advisors IARs shall be available to answer questions the client may have regarding their account and act as the communication conduit between the client and the TPMM. TPMMs may take discretionary authority to determine the securities to be purchased and sold for the client. Neither Summit Wealth Advisors nor its associated persons will have any trading authority with respect to clients’ managed account with the TPMM(s).

All accounts are managed by the selected TPMM and Summit Wealth Advisors does not have any discretionary trading authority with respect to such accounts. Information collected by our firm regarding TPMMs is believed to be reliable and accurate but Summit Wealth Advisors does not independently review or verify it on all occasions. All performance reporting will be the responsibility of the respective TPMM. Such performance reports will be provided directly to you and Summit Wealth Advisors. Summit Wealth Advisors does not audit or verify that these results

are calculated on a uniform or consistent basis as provided by a TPMM directly to Summit Wealth Advisors or through the consulting service utilized by the TPMM.

Summit Wealth Advisors has entered into agreements with various independent TPMMs. Under these agreements, Summit Wealth Advisors offers client's various types of programs sponsored by these TPMMs. All TPMM to whom Summit Wealth Advisors will refer clients will be licensed as registered investment advisors by their resident state and any applicable jurisdictions or registered investment advisors with the Securities and Exchange Commission.

Third-party managed programs generally have account minimum requirements that will vary from investment advisor to investment advisor. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the TPMM's services, fee schedules and account minimums will be disclosed in the TPMM's Form ADV or similar Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and account is established.

#### Relative Cost of the Program

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A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we incur the fees for executed trades. In order to mitigate this conflict of interest, we will fulfill our fiduciary duty by acting in the client's best interest.

Summit Wealth Advisors charges a fee as compensation for providing Investment Management services on your account. These services include advisory and consulting services, trade entry, investment supervision, and other account-maintenance activities. Our custodian may charge transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for additional details.

The fees for portfolio management are based on an annual percentage of assets under management and are applied to the account asset value on a pro-rata basis and billed quarterly in advance. The initial fee will be on the market value the date the account was funded, prorated for the number of days in the quarter that your account is under management. Thereafter, the quarterly fee will be calculated on the close of the last business day of the prior calendar quarter. The market value will be determined as reported by the Custodian. There may be a possibility for price or account value discrepancies due to quarter-end transactions in an account. Dividends or trade date settlements may occur and our third party billing software may report a slight difference in account valuation at quarter end compared to what is reported on your Statement from the Custodian. Our firm has the ability to produce billing summaries, which can be provided upon request.

Unless otherwise agreed upon and stated in **Exhibit B** of the Investment Management Agreement, fees are assessed on all assets under management, including securities, cash and money market balances. When applicable and noted in **Exhibit B** of the Investment Management Agreement, legacy positions will also be excluded from the fee calculation.

Our maximum annual advisory fee for accounts paying a percentage of assets under management is 1.50%. The specific advisory fees are set forth in your Investment Advisory Agreement. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the account fee. In certain circumstances, our fees and the timing of the fee payments may be negotiated. Our employees and their family related accounts are charged a reduced fee for our services.

Unless otherwise instructed by the client, we will aggregate asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. We would do this, for example, where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could cause your account(s) to be assessed a lower advisory fee.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement at least quarterly directly to you indicating all the amounts deducted from the account including our advisory fees. At our discretion, our firm will allow advisory fees to be paid by check as indicated in the Investment Advisory Agreement. You are encouraged to review your account statements for accuracy.

Either Summit Wealth Advisors or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the quarter in which the cancellation notice was given and the unearned fee refunded to you. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, Summit Wealth Advisors will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party.

#### Third Party Management ("TPMM Program" or "TPMM") Fees

Fees and billing methods are outlined in each respective TPMM's Brochure and Advisory Contract. The Client pays an on-going fee directly to the TPMM based upon a percentage of your assets under management with respect to each TPMM. You will receive disclosure of all fees by the TPMM, which include the terms of the compensation arrangement and a description of the compensation paid, at the time of signing an advisory agreement with the TPMM.



The minimum account size for will vary from TPMM to TPMM. All such minimums will be disclosed in the respective TPMM's Brochure. Summit Wealth Advisors may have the ability to negotiate such minimums for you.

You may terminate your relationship in accordance with the respective TPMMs' disclosure documents. If you terminate your participation in the Program within five business days of inception, you will receive a full refund of the fee. Pre-paid fees will be refunded in accordance with the respective TPMM's agreement and disclosure documents.

We may recommend you terminate the relationship with a TPMM. Factors involved in the termination of a TPMM may include a failure to adhere to their stated management style or your objectives, a material change in the professional staff of the TPMM, unexplained poor performance, unexplained inconsistency of account performance, or our decision to no longer include the TPMM on our list of approved TPMMs.

Account custodial services may be provided by several account custodians depending on the investment management program offered. Programs may have higher or lower fees than other programs available through Summit Wealth Advisors or available elsewhere. Investment management programs may differ in the services provided and method or type of management offered, and each may have different account minimums. Client reports will depend upon the management program selected. Please see complete details in the program brochure and custodial account agreement for each program recommended and offered. Because managers pay different fees to the referring party, there is a conflict of interest when referring to various TPMMs. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies in this regard to mitigate any conflicts of interest. You, the Client, always has right to decide to engage the TPMM that Summit Wealth Advisers recommends to you.

Summit Wealth Advisors has contracted with Orion Advisory Services (referred to as "Orion") to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Orion will have access to client accounts, but Orion will not serve as an investment advisor to our clients. Summit Wealth Advisors and Orion are non-affiliated companies. Orion charges our firm an annual fee for each account administered by Orion. The annual fee is paid from the portion of the management fee retained by us.

#### Other Types of Fees & Expenses

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, wire transfer fees, fees for trades executed away from custodian, and taxes on brokerage accounts and securities transactions. These fees are not

included within the wrap-fee you are charged by our firm. Neither our Firm nor its supervised persons accept compensation for the sale of securities or other investment products. Further, our firm does not share in any of these additional fees and expenses outlined above.

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#### ITEM 5 – Account Requirements & Types of Clients

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We provide investment advice to individuals, high-net-worth individuals, foundations, employer sponsored retirement plans, trusts and charitable organizations. We have no minimum initial account value.

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#### ITEM 6 – Portfolio Manager Selection & Evaluation

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##### Advisory Business

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See Item 4 for information about our wrap fee advisory program. We offer individualized investment advice to clients utilizing our Wrap Portfolio Management service.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

##### Participation in Wrap Fee Programs

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We offer wrap fee accounts to our clients, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

##### Performance-Based Fees & Side-By-Side Management

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We do not charge performance fees to our clients.

##### Methods of Analysis, Investment Strategies & Risk of Loss

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At Summit Wealth Advisors, we believe that our investment philosophy serves as the basis for the investment solutions we provide our clients and is predicated upon the following four philosophical tenets:

1. Investment decisions should be made with a long-term perspective
2. Portfolios should be constructed to achieve diversification including global risks
3. Valuation considerations should drive investment decisions
4. Skillful active management has the potential to add value

##### ***Long-Term Perspective***

We approach investing with patience and discipline, focusing on long-term goals and relying on fundamental truths of investing exhibited throughout history. We understand that short-term fluctuations in price and performance do not always reflect true values and that investor fortitude through difficult cycles is often rewarded over time. We do not define risk simply as market volatility, but rather understand volatility as a natural element of markets that provide opportunity to capitalize on mispriced assets.

### ***Diversification by Risk Exposure***

The primary means of crafting an effective portfolio diversification is to meaningfully allocate to differing risk exposures. We believe diversification between and within each category should be sought, and that portfolios should be diversified globally to help effectively mitigate risks. There are four broad categories we implement in our portfolios, each of which serves a different role in the portfolio:

- Fixed Income – Total return and deflation protection
- Real Assets – Total return and inflation protection
- Equity – Total return and diversification
- Global Equity/Income – Total return and income

### ***Valuation Oriented***

Valuation drives investment decisions across all asset categories and asset selection. Prices do matter to overall return. Value investing can help lower a portfolio's risk by building in a margin of safety when assets are purchased below their true value. Value investing often requires a contrarian mindset as investing against prevailing trends is not always comfortable, but we believe that achieving strong long-term performance requires a willingness to diverge from the consensus and allocate capital when it is most difficult.

### ***Active Management***

In some areas, a passive allocation is suitable to efficiently gain market exposure at competitively low costs. However, opportunities exist for managers with unique capabilities to add value through strategies that are not simply a representation of the market. We believe that strong investment results are most likely found with active managers that have aligned their interests with that of their clients. Exceptional active managers can help enhance returns through expertise, skill, and employing a value-oriented approach. These managers have the ability to expertly invest in complexity, where their knowledge, better use of information, and access to unique opportunities allows them to wisely recognize and execute on investment opportunities.

### ***Portfolio Construction***

First and foremost, our portfolio construction process begins with identifying the needs, objectives and suitability of our client. We build and customize each individual client's portfolio with their specific long-term goals in mind and we provide on-going asset management and portfolio adjustments as the needs of clients evolve overtime. These objectives dictate how we implement our investment philosophy described above. The due diligence process involved in creating a diverse asset allocation begins with a high-level market analysis of the asset class categories: equity (stocks, private equity, long/short funds), fixed income (bonds, bank loans, government funds), real assets (real estate, natural resources, commodities) and global equity/income (foreign/emerging markets equity, foreign/emerging markets fixed income/bonds). This quantitative information is then complemented with qualitative information gathered from industry "experts", economists and investment managers. Collectively, this information is used to identify the market-wide/global trends and influences that impact areas of the market, thereby resulting in what could be attractive

opportunities from a valuation perspective, as well as identifying those capital markets that may be overvalued.

From this point we use the overall market research and information to develop asset mix scenarios with different risk and return characteristics, or “models”. Asset classes are considered based on their contribution to the return and risk diversification of the entire portfolio and then we tweak our models to complement the overarching objectives and suitability of the client.

The process in selecting specific assets to complete the model portfolio starts with our own due diligence and research based on the information gathered from a variety of sources including: industry and academic journals/periodicals, investment professionals, analysts and market strategists, and custodial research teams. We synthesize the data gathered through these sources to drive our daily research process and despite the use of external data sources, the conclusions we reach are independent and proprietary.

#### TPMM Analysis

We seek to recommend investment strategies that will give a client a diversified portfolio consistent with the client’s investment objective. We do this by analyzing the various securities, investment strategies, and third party management firms. The goal is to identify a client’s risk tolerance, and then find a TPMM with the maximum expected return for that level of risk.

We examine the experience, expertise, investment philosophies and past performance of independent TPMMs in an attempt to determine if that TPMM has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the TPMMs’ underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the TPMMs’ compliance and business enterprise risks.

A risk of investing with a TPMM who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a TPMMs’ portfolio, there is also a risk that the TPMM may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the TPMMs’ daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

#### Risk of Loss

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, Summit Wealth Advisors is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

Investors should be aware that accounts are subject to the following risks:

***Market Risk*** — Even a long-term investment approach cannot guarantee a profit. Economic, political and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

***Foreign Securities and Currency Risk*** — Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

***Capitalization Risk*** — Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.

***Interest Rate Risk*** — In a rising rate environment, the value of fixed-income securities generally declines and the value of equity securities may be adversely affected.

***Credit Risk*** — Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the fund's performance.

***Securities Lending Risk*** — Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

***Derivative Risk*** — Derivatives are securities, such as futures contracts, whose value is derived from that of other securities or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will achieve the desired results.

***Exchange-Traded Funds*** — ETFs face market-trading risks, including the lack of an active market for shares, losses from trading in the secondary markets and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

***Performance of Underlying Managers*** — We select the mutual funds and ETFs in the client portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

***Option Risk*** - Our firm's use of options is limited to covered calls and hedging strategies. Client portfolios may purchase or sell options, or other derivatives that trade on an exchange. Both the purchasing and selling of call and put options entail risks. An investment in an option may be subject to greater fluctuation than an investment in the underlying securities. The effectiveness of purchasing or selling stock index options as a hedging technique depends upon the extent to which price movements in the hedged portfolios correlate with price movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular security, whether a portfolio realizes a gain or loss will depend upon movements in the level of security prices in securities markets generally rather than movements in the price of a particular security.

***Alternative Investments*** - Investments classified as "alternative investments" may include a broad range of underlying assets including, but not limited to, hedge funds, private equity, venture capital, and registered, publicly traded securities. Alternative investments are speculative, not suitable for all clients and intended for only experienced and sophisticated investors who are willing to bear the high risk of the investment, which can include: loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative investment practices; lack of liquidity in that there may be no secondary market for the fund and none expected to develop; volatility of returns; potential for restrictions on transferring interest in the fund; potential lack of diversification and resulting higher risk due to concentration of trading authority with a single advisor; absence of information regarding valuations and pricing; potential for delays in tax reporting; less regulation and typically higher fees than other investment options such as mutual funds. The SEC requires investors be accredited to invest in these more speculative alternative investments. Investing in a fund that concentrates its investments in a few holdings may involve heightened risk and result in greater price volatility.

#### Voting Client Securities

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients can contact our office with questions about a particular proxy solicitation by phone at 970-468-8800.

#### ITEM 7 – Client Information Provided to Portfolio Manager(s)

Our financial advisors work with you directly to understand your current financial situation, existing resources, financial goals, and tolerance for risk. Our firm urges you to communicate to

us any significant changes to your financial or personal circumstances, so that we can consider such information in managing your investments.

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#### ITEM 8 – Client Contact with Portfolio Manager(s)

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Our firm does not place restrictions on the client’s ability to contact and consult their financial advisor. As the portfolio manager, clients are free to contact us at any time.

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#### ITEM 9 – Additional Information

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##### Disciplinary Information

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We have determined that our firm and management have no disciplinary information to disclose.

##### Financial Industry Activities & Affiliations

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###### *Insurance*

IARs of Summit Wealth Advisors may act as agents appointed with various life, disability or other insurance companies and receive commissions, trails, or other compensation from the respective product sponsors and/or as a result of effecting insurance transactions for clients. This creates a conflict of interest. We recognize the fiduciary responsibility to act in the best interest of our clients and have established policies in this regard to mitigate any conflicts of interest. You have the right to decide whether or not to act on the insurance recommendations from Summit Wealth Advisors’ IARs. If you decide to act upon our insurance recommendations, you have the right to choose the insurance professional to use to purchase the insurance products.

##### Brokerage Practices

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###### ***Investment Management Services***

Clients must maintain assets in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. Advisor Services (“Schwab”), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated, and unaffiliated with Schwab. Schwab will hold client assets in a brokerage account, and buy and sell securities when we instruct them to.

While we recommend that clients use Schwab as Custodian, client must decide whether to do so and open accounts with Schwab by entering into account agreements directly with them. The client opens the accounts with Schwab. The accounts will always be held in the name of the client and never in Summit Wealth Advisors’s name.

###### ***How We Select Custodians***

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

1. Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
2. Capability to execute, clear, and settle trades (buy and sell securities for client accounts)
3. Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
4. Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
5. Availability of investment research and tools that assist us in making investment decisions
6. Quality of services
7. Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices
8. Reputation, financial strength, and stability
9. Prior service to Summit Wealth Advisors and our other clients
10. Availability of other products and services that benefit us, as discussed below (see Products and Services Available to Us from Schwab)

### ***Client Brokerage and Custody Costs***

For our clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services. However, Schwab receives compensation by charging ticket charges or other fees on trades that it executes or that settle into clients' Schwab accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How We Select Brokers/Custodians).

### ***Products and Services Available to Us from Schwab***

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide Summit Wealth Advisors and our 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 our clients' accounts; others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. These are considered soft dollar benefits because there is an incentive to do business with Schwab. This creates a conflict of interest. We have established policies in this regard to mitigate any conflicts of interest. We believe that our selection of Schwab as custodian and broker is in the best interests of clients. Summit Wealth Advisors will at all times act in the best interest of their clients and act as a fiduciary in carrying out services to clients.

Following is a more detailed description of Schwab's support services:

### ***Services That Benefit Our Clients***

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 we might not otherwise have access or that



would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit our clients and their accounts.

### ***Services That May Not Directly Benefit Our Clients***

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

1. Provide access to client account data (such as duplicate trade confirmations and account statements)
2. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
3. Provide pricing and other market data
4. Facilitate payment of our fees from our clients' accounts
5. Assist with back-office functions, recordkeeping, and client reporting

### ***Services That Generally Benefit Only Us***

Schwab also offers other services intended to help us manage and further develop our business enterprise.

These services include:

1. Educational conferences and events
2. Consulting on technology, compliance, legal, and business needs
3. Publications and conferences on practice management and business succession
4. 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 us. 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 us with other benefits, such as occasional business entertainment of our personnel.

### ***Our Interest in Schwab's Services***

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions. We believe that our selection of Schwab as custodian and broker is in the best interests of our clients.

Some of the products, services and other benefits provided by Schwab benefit Summit Wealth Advisors and may not benefit our client accounts. Our recommendation or requirement that you place assets in Schwab's custody may be based in part on benefits Schwab provides to us, or our

agreement to maintain certain Assets Under Management at Schwab, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

We place trades for our clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Schwab's execution quality may be different than other Custodians.

We do not routinely recommend, request or require that you direct us to execute transaction through a specified custodian. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully-disclosed separately to our existing clients (if any) and the Custodian(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our investment advisory agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and

8. Individual advice and treatment will be accorded to each advisory client.

### **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the custodian, the custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to mitigate conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. 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. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to 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 and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

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

The underlying securities within the investment supervisory services are regularly monitored. These reviews will be made by each Investment Adviser Representative in addition to the Chief Compliance Officer or his designee. We offer the ability to meet with our clients on an annual basis to review their account. This review is usually conducted in person or by telephone. The number of accounts assigned depends on which IAR has the personal relationship with the client.

The purpose of all these reviews is to ensure that the investment plan continues to be implemented in a manner which matches your objectives and risk tolerances. More frequent reviews may be triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment. You are urged to notify us of any changes in your personal circumstances.

Through an agreement with Orion, Summit Wealth Advisors will have the ability to provide clients with Performance/Position summary reports upon request. Reports may also be provided at every client meeting. Communication to clients will be done on an as needed basis with a minimum of one (1) contact per calendar quarter.

The custodian for the individual client's account will also provide clients with an account statement at least quarterly. You are urged to compare the reports provided by Summit Wealth Advisors against the account statements you receive directly from your account custodian.

#### Client Referrals & Other Compensation

Summit Wealth Advisors does not pay referral fees or receive compensation for referrals.

Summit Wealth Advisors refers clients to a Third Party Manager and will be paid an on-going fee by the Manager based upon a percentage of your assets under management with respect to each Manager. You will receive disclosure of all fees paid to Summit Wealth Advisors by the TPMM, which include the terms of the compensation arrangement and a description of the compensation paid, at the time of signing an advisory agreement with the TPMM.

#### Soft Dollars

Charles Schwab provides our firm and our clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Charles Schwab retail customers. Charles Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; others help us manage and grow our business. Charles Schwab's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. These are considered soft dollar benefits because there is an incentive to do business with Charles Schwab. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies in this regard to mitigate any conflicts of interest.

### Directed Brokerage

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Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We generally recommend that clients utilize the custody, brokerage and clearing services of Charles Schwab for investment management accounts. Each client will be required to establish their account(s) with this custodian if not already done. Please note that not all advisers have this requirement.

### Financial Information

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We are not required to provide financial information in this Brochure because:

- We do not receive more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities, except for our authorization to directly deduct fees as disclosed in item 4.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients. We have never been the subject of a bankruptcy proceeding.