

# Armis Advisers, LLC

## Client Brochure

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This brochure provides information about the qualifications and proposed business practices of Armis Advisers, LLC. Armis Advisers, LLC is a Registered Investment Adviser. This brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state authority. Registration of an Investment Adviser does not imply any level of skill or training. Call (706) 376 - 4882 with questions about the contents.

Additional information about Armis Advisers, LLC is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) under CRD number 299805. The SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) also provides information about any persons who are registered as investment adviser representatives of the firm.

Version date: 10/17/2019

## **Item 2                      Material Changes**

This brochure was first created December 7, 2018, was amended on May 21, 2019, and this is the third version of the firm's brochure.

The following material changes have been made in this update of the firm's brochure:

Item 4, Investment Advisory Services Approach, has been amended to include a disclosure of mutual fund share class and related expense evaluation practices to clarify that Armis Advisers does not recommend mutual funds with share classes.

Pursuant to regulatory requirements, Armis Advisers, LLC ensures a summary of any material changes to this brochure is submitted within 120 days of the close of our fiscal year. We will provide ongoing disclosure information about material changes as necessary. Request new brochures by calling (706) 376 – 4882 or by emailing [compliance@G2RIA.com](mailto:compliance@G2RIA.com).

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## **Item 4**

## **Advisory Business**

### **Description of the Advisory Firm**

Armis Advisers, LLC (hereinafter “Armis”) was founded in November 2018 by owners Charles Schell, Gregory T. Wright, Lane M. Turner, Robert T. Davis, Kimberly D. Collins, and Blake R. Schaper. Armis is a provider of planning strategies and has advisers that are insurance licensed in all 50 states.

Armis Advisers, LLC is a fiduciary and will place the interest of the client above the interests of the firm and adviser and seek to avoid conflicts of interest. All potential and actual conflicts are disclosed and managed in the best interest of the client. Armis acts with the duty of care, skill, and diligence that should be considered by a knowledgeable and experienced professional. Armis considers a client’s objectives, risk capacity, needs, and financial circumstances when providing advice, and strives to do no harm.

### **Planning Services**

Armis offers holistic planning services to a variety of clients including individuals, families, businesses, trusts and estates. The client’s situation is carefully considered as part of our due diligence process, and our analysis may be based on the following qualitative and quantitative information:

- Personal data (demographic, lifestyle, family, dependents, caretakers)
- Goals and objectives (prioritized, specific, measurable, reasonable and devisable goals and objectives based on both qualitative and quantitative data)
- Assumptions (inflation rates, rates of return, tax bracket, retirement horizon, life expectancy)
- Vulnerabilities and Threats (observations regarding strengths and weaknesses of client’s current situation and challenges faced)
- Balance sheet (statement of financial situation showing income, net worth, assets and liabilities)
- Risk management and insurance (life, health, disability, liability & umbrella, long term care, income replacement, and annuity recommendations in the best interest of the client)
- Income tax planning (full tax return preparation, tax return review, tax deduction strategy and other tax planning notes)
- Retirement, education, and special needs planning
- Investment planning (trust planning, investment strategy and analysis of performance in relation to objectives and risk tolerance)
- Estate planning (review of lifetime gifts and final transfer of assets to reduce or eliminate gift tax and estate tax exposure; coordination of will, health care directive, power of attorney or updates as needed)
- Group benefits and entity level retirement plans

When appropriate, short, medium and long-term goals are determined in collaboration with the client. The Armis Vulnerability and Threat Assessment (“VTA”) model is utilized to plan multiple courses of action (“COAs”) with risk-weighted variables. As fiduciaries, we recognize all asset classes and consider insurance products, tax optimization, and investments consisting of equities, fixed income securities, mutual funds, options, and alternatives when developing COAs. The agreed-upon COA is implemented over a planned timeline and is monitored for necessary adjustments based on pre-determined triggering events, benchmarks, or unplanned life situations. Armis responds to life events with knowledge,

experience, compassion and due diligence, adjusting the plan as required to align with our client's objectives.

Armis Advisers may serve as the primary adviser for a client or may serve as a third-party manager or subadvisor for a client in a discretionary or non-discretionary capacity.

### **Investment Advisory Services Approach**

*"An investment operation is one which, upon thorough analysis, promotes safety of principal and an adequate return. Operations not meeting these requirements are speculative."*

- Benjamin Graham

Armis believes that in an uncertain world, that capital preservation is paramount, that pie charts are irrelevant and backwards looking, and that a buy and hold strategy of contractual, fixed income products outperforms all other investment strategies over time. Armis believes contracts, which generally come with fixed income or insurance products, are better than options not bound to contracts, and that most other investments amount to speculation.

Armis builds plans that seek to balance predictable income levels against avoidable risks and attempts to mitigate against unavoidable risks.

Armis believes that individual investors can fall prey to irrational, emotional decisions in response to market shifts. Armis attempts to diminish reactionary decision-making through client education, joint decision-making and continual engagement, to best serve clients in a buy and hold strategy.

Armis evaluates the client's individual situation and balances risk vs. reward when determining asset class mix between insurance products, fixed income, equities and income enhancing assets. Our portfolios contain a custom allocation across key asset classes, tailored to the specific client's investment objectives.

Armis reduces risk by using contract-based assets that are not correlated in their price movements. Our portfolios are custom tailored toward income or growth, depending on the client's overall needs and objectives. Risk is balanced across asset classes to achieve predictable income or growth, or a combination.

- Insurance products: contracts with insurance carriers to provide income or growth over a set time period
  - typically moderate to high predictable income dependent upon the claims paying ability of the insurer
  - typically subject to decreasing surrender charges (rather than price volatility)
  - typically lower risk
- Fixed income: bonds and securities that resemble bonds
  - typically higher predictable income (yield)
  - typically lower price volatility when held to maturity
  - typically lower risk
- Equity-based: stocks offering growth potential through appreciation in price to overall investment holdings
  - typically lower income potential, but higher growth potential than fixed income

- typically higher price volatility
- typically higher risk
- Income enhancing assets: Option writing, Master Limited Partnerships (“MLPs”), and Mortgage REITs
  - typically offering more income in the form of dividends or distributions than equities or fixed income
  - typically higher volatility in the price movements of assets
  - typically higher risk

Insurance products may include life insurance, annuities, or long-term care products. Contracts are designed to provide tax deferred or tax advantaged income, contractual income or benefit guarantees subject to the claims paying ability of the carrier, long-term care benefits, or death benefits. Insurance products vary in price and features, typically have lower volatility (policy values subject to decreasing surrender charges) and are recommended when they are in the client’s best interest.

Fixed income assets, or bonds, tend to have the least variation in price, or volatility. The cash flows are generally governed by contract and provide more predictable income. Portfolios are weighted more toward fixed income generated by higher quality bonds with lower durations that are designed to reduce volatility and provide income. Riskier assets over longer periods of time offer growth potential in value regardless of growth potential in income, which can be sold for capital gains and used to purchase additional income. Portfolios are balanced so that risk is limited.

Armis Advisers does not recommend mutual funds with share classes. Mutual funds shall be reviewed prior to purchase to determine if the fund is an appropriate fit for the investor. Factors may include investment objectives, investment style (such as characteristics including any special or unusual features, liquidity, risks and potential benefits), consistency of returns, risk profile and overall expense.

In the event that a client owns a mutual fund share class at the time of transfer of assets, an evaluation of mutual fund share classes and related expense ratios are important factors in confirming that the timing of the sale of a mutual fund is in the best interest of the client, as is information regarding the investment objectives, characteristics (including any special or unusual features), liquidity, risks and potential benefits, volatility, likely performance in a variety of market and economic conditions, time horizon, and cost of exit.

We present education-based seminars over a range of topics. We may also provide talks, presentations, or advertisements regarding planning services.

To meet fiduciary obligations, many Armis advisory representatives are also licensed to sell life, health, and group insurance, however clients are under no obligation to utilize services of associated persons in the purchase or sales of recommended insurance products.

Armis manages some accounts internally and sometimes recommends the use of a third-party investment manager. In these relationships, Armis selects the third-party manager and provides oversight of the manager. When engaging or recommending the retention of a third-party manager Armis will have a reasonable basis for the recommendation. The scope of services and allocation of responsibilities will be communicated between Armis and the third-party manager.

Armis manages the investments of directed and delegated trusts. For our trust clients, asset conservation is typically prioritized as the investment objective over income from invested assets.

#### **Client Tailored Services and Client Imposed Restrictions**

Each service is tailored to the individual needs of each client through a client assessment conducted prior to engagement. Clients may choose to limit the level of discretion granted, the types of investments used, etc. The actual terms of engagement as well as a description of services, limitations, and restrictions. Are all outlined prior to an engagement within a client agreement.

#### **Wrap Fee Programs**

Armis does not sponsor or participate in any wrap fee programs. However, third-party managers recommended by Armis may offer wrap fee options, and where applicable, details will be provided about such options prior to engaging the manager.

#### **Amounts Under Management**

Armis has the following assets under management:

Discretionary Amounts	Non-Discretionary Amounts	Date Calculated
\$58,149,507.47	\$92,137,452.00	05/21/2019

## **Item 5            Fees and Compensation**

### **Investment Advisory Services Fees**

Armis bases annual investment advisory fee services on a percentage of assets under management according to the following schedule:

Total Assets Under Management	Annual Fee
\$50,000 - \$500,000	1.5%
\$500,001 - \$3,000,000	1%
\$3,000,001 - \$10,000,000	Negotiable Fee Schedule
\$10,000,001 – Above	Family Office Offerings Contract

New clients will be charged according to the schedule, although existing clients may be charged according to prior fee schedules. Actual fees are negotiable and will be detailed in the Client Agreement. The minimum annual fee is \$1,000, which may be waived at the sole discretion of the firm.

Fees are charged monthly in arrears based on the value of the account at the end of the month as reported by the custodian and are withdrawn directly from the client's accounts with client written authorization, as authorized by a client agreement. Fees commence when the assets are deposited into the client's account and the agreement is signed, unless otherwise stipulated. Partial months are prorated for the time the funds were under management. Clients may terminate their contracts within thirty days' written notice and may terminate their accounts without penalty within 5 business days of signing a client agreement.

Insurance commissions as well as investment advisory and investment management fees are not paid directly to individual employees. The advisory representatives and licensed insurance agents associated with Armis have a compensation structure based on the profitability of the collective organization. Compensation is structured to remove incentives to provide one product over another and to emphasize planning over sales.

### **Third-Party Manager Fees**

As detailed in Item 4, Armis may recommend a third-party manager or may serve as a third-party manager. When a third-party manager arrangement exists, the client will be charged the applicable third-party manager's fee, but the third-party manager fee paid by client will be credited toward the total investment management fee quoted in a client agreement. Additional fees for any third-party manager services are detailed in the applicable disclosure documents and advisory agreements.

### **Planning Services Fees for Non-Investment Management Clients**

Armis offers planning services to each investment management client with investable assets in excess of \$50,000 free of charge. Armis charges non-investment management clients the full fixed fee for these services. The fee is waived if the client becomes an investment advisory client or if the client elects to utilize Armis as an insurance agency. The fixed fee for creating a client financial plan generally is \$2,000. Hourly rates may be negotiated. Fees are charged in arrears upon completion and delivery of the plan.



Fees are negotiable and will be documented in the Client Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

**Payment of Investment Advisory Services Fees and Planning Services Fees**

As authorized in a client agreement and according to the custodian's policies, Armis instruct the account custodian to withdraw advisory fees directly from the clients' accounts according to the custodian's policies and pass through to Armis. The fees are charged monthly in arrears and are prorated for the time funds are held within the account. The custodian of the account holds all customer assets; Armis is not the custodian and does not hold customer assets. Brokerage transaction-based fees, varying by security, are passed through to the client. Fixed planning fees are paid via check or credit card in arrears upon completion.

Clients are responsible for the payment of all third-party fees and expenses (i.e. custodian fees, mutual fund fees, transaction fees, etc.) which are separate and distinct from the fees and expenses charged by Armis. Please see Item 12 of this brochure regarding broker and custodian fees.

## **Item 6                    Performance-Based Fees and Side-by-Side Management**

As applicable for accredited or qualified investors and outlined in a customized client agreement Armis may accept performance-based fees or other fees based on a share of capital gains or on capital appreciation of the assets of a client and may simultaneously manage performance based and non-performance-based accounts. Performance-based fees or other fees based on a share of capital gains or on capital appreciation of the assets of a client will not be charged unless detailed in a client agreement.

## **Item 7                    Types of Clients**

Armis generally provides services to three types of clients:

### **Retail**

Retail services are offered to individuals, families, and businesses planning for or currently in retirement, with qualified or non-qualified investible assets between \$250,000 and \$1,000,000. Plans vary in scope but may include estate planning, income replacement, retirement planning, tax analytics, and business planning.

### **Private Client**

Private Client services are designed for business owners and executives with \$1,000,000 to \$5,000,000 in qualified or non-qualified assets. Plans vary in scope but may include integrated personal and business solutions, entity and tax structure, strategy design, policy development, and asset allocation suggestions. Private clients may also be individuals, families, trusts, and estates.

### **Family Office**

Family Office services are customized with additional focus on Domestic Asset Protection and Charitable Planning. Generally, family office clients will have investable assets greater than \$10,000,000. Services are outlined in a customized client agreement. Family office clients may be individuals, families, trusts, estates, or businesses.

The firm maintains a \$50,000 account minimum and may wave the minimum at the discretion of the firm.

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

Armis anchors our investment philosophy in the belief that the client's life journey should drive their investment approach. A client is likely unconcerned with an industry performance benchmark; they are concerned with having access to the required funds at their point of need. This client-focused view manifests itself in our outcome-based investing approach. Traditional market-based approaches seek to outperform benchmarks, while not sufficiently accounting for planned and unplanned client needs.

Our outcome-based approach was developed in response to the inherent flaws in Modern Portfolio Theory (MPT). Historically, standard portfolio diversification techniques deployed by money managers have beat the market in single digit year-over-year ranges. However, when seeking 3+ year-over-year performance, approximately 1% of actively managed portfolios have beat market benchmarks. Most client investment timeframes are longer than 3 years. Additionally, this does not address the risk incurred by price volatility when arrayed against these inconsistent returns. Passive approaches offer more promise based on historical trends, however, the human psyche often intervenes at the most inopportune time causing irreparable damage to these portfolios. Additionally, passive approaches do not allow any flexibility for client life events.

The Armis approach takes a different view on diversification, shunning the MPT diversification approach. We diversify primarily within the fixed income asset class and across products, to include annuities and other insurance contracts when in our clients' best interest. The bond market is three times the size of the equity market. Our core method leverages a diversified, ladder bond mutual fund composed of over 150 investment-grade corporate securities complemented by an uncorrelated market hedge via a paired options strategy. This realizes the benefits of high-grade, diversified fixed income assets held to maturity with insurance against downside risk and an additional revenue stream from premium collected. When this is coupled with an index-based annuity several benefits are realized: the mutual fund can be used for liquidity needs over a pre-planned period, while capital is insulated from market risk in the annuity and subject to compounding interest over the period. At a point of the client's choosing, the annuity can be accessed to provide additional income. Integrated tax strategies serve to provide the best possible client outcome.

We believe the Armis method uses capital more efficiently. Risks taken versus potential returns are far better than most traditional approaches that might allow for outsize gains but at a greater risk. The 2008 downturn saw a near 22% downside in the market and approximately 40% loss in most portfolio values. Our approach is designed to mitigate the potential for that type of movement while providing reasonable returns over the long-term. We do not attempt to anticipate market movements, and we know there will be volatility. We believe our approach mitigates both issues more fully than other more traditional approaches.

Based on our client's goals and life objectives, our investment strategy could also include fixed income securities, mutual funds and stock portfolios. Margin trading and option trading are utilized when appropriate. Analytic methods include fundamental, technical and cyclical analysis. Fundamental approaches seek to understand company valuation and financial health. Technical aspects focus on price movement across timeframes assessed against common patterns and varying statistical tools. Cyclical methods attempt identify a company's location within an industry cycle.

Investing in securities involves risk of loss that clients should be prepared to bear. Risks to the investor include market risk, interest rate risk, inflation risk, reinvestment risk, business risk, liquidity risk, and currency risk, among others. Certain trading strategies may also affect investment performance through increased brokerage and other transactions. Armis considers each client's risk tolerance levels and thoroughly evaluates, documents, and considers the client's risk tolerance throughout the portfolio design, implementation, and monitoring phases. No investment strategy can guarantee a profit or avoid a loss for an investor.

## **Item 9            Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management. Armis is not subject to, and has never been subject to, any legal or disciplinary events required to be reported under this Item.

## **Item 10        Other Financial Industry Activities and Affiliations**

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

Neither Armis nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer. Armis provides insurance services and various representatives of Armis may be licensed insurance agents. Armis may on occasion offer clients advice or recommendations related to insurance products when in the client's best interest.

Armis is affiliated with Advisors Excel, an independent insurance marketing organization through which fixed annuities and other insurance products are sold. Insurance commissions (and other incentive compensation such as marketing credits or business trips) related to insurance products purchased by Armis clients may be paid to the firm.

Armis may also provide coaching and training services for Advisors Excel. Such activities may result in various forms of compensation for the training activities with Advisors Excel, including certain compensation for annuities sold by trainees, in addition to commissions on insurance products sold.

Armis endeavors to put the interest of clients first as part of its fiduciary duty, however, clients should be aware that the receipt of additional compensation creates a potential conflict of interest and may affect the judgment of individuals who make recommendations. Our clients are under no obligation to purchase products recommended by our associated person or to purchase products through Armis or Armis associated persons. It is our belief that our recommendations are in the best interests of our clients and are consistent with our clients' planning needs.

### **Recommendation of Other Managers and Related Compensation**

As mentioned in Item 4 above, Armis may direct clients to third-party money managers, and will generally be compensated via a fee sharing agreement with the third-party manager, as detailed in Item 5.

Armis endeavors to put the interest of clients first as part of its fiduciary duty, however, clients should be aware that these types of business relationships may create a potential conflict of interest and may affect the judgment of individuals who make recommendations. Our clients are under no obligation to select third-party managers recommended by our associated persons. We believe that our recommendations are in the best interests of our clients and are consistent with our clients' needs.

## **Item 11      Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

Armis has adopted a written Code of Ethics that describes the firm's fiduciary duties and responsibilities to clients, and details practices for reviewing the personal securities transactions of supervised persons with access to client information. The Code also requires compliance with applicable securities laws, addresses insider trading, and details possible disciplinary measures for violations. Clients may request a copy of our Code of Ethics by emailing [compliance@G2RIA.com](mailto:compliance@G2RIA.com).

### **Trading Conflicts of Interest**

Individuals associated with Armis are permitted to buy or sell securities for their personal accounts identical to or different than those recommended to clients. However, no person employed by Armis can favor his or her own interest over that of a client or make personal investment decisions based on the investment decisions of advisory clients.

In order to address potential conflicts of interest, Armis requires that associated persons with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. Armis also requires prior approval from the Chief Compliance Officer for any investing in IPOs or private placements (limited offerings).

## **Item 12      Brokerage Practices**

When given discretion to select the brokerage firm that will execute orders in client accounts, Armis seeks “best execution” for client trades, which is a combination of several factors including, without limitation, quality of execution, services provided and commission rates. Therefore, Armis may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third-party research (or any combination) and may be used in servicing any or all of Armis’ clients. Therefore, research services received may not be used for the account for which the particular transaction was affected.

Armis typically directs trading in individual client accounts appropriate to the client’s Investment Plan, without regard to activity in other client accounts. However, from time to time, Armis may aggregate trades together for multiple client accounts, most often when these accounts are being directed to sell the same securities. If such an aggregated trade is not completely filled, Armis will allocate shares received (in an aggregated purchase) or sold (in an aggregated sale) across participating accounts on a pro rata or other fair basis.

## **Item 13      Review of Accounts**

All client accounts are reviewed on an ongoing basis. All clients are encouraged to communicate their objectives and needs with advisors at least annually to ensure the provided services are comprehensive and in the best interest of the client. Life’s changes will be discussed, and the plan will be improved accordingly. Material changes in the client’s stated objectives should be communicated promptly to Armis especially when these changes might affect your investment strategy. Additional account reviews will be scheduled as is prudent.

**Item 14      Client Referrals and other Compensation**

Cash compensation is not paid for client referrals however, sponsorship and entertainment benefits may be provided which may result in client referrals, either directly or indirectly. Seminars and events may be sponsored or staged and may include Armis-led events as well as events organized by non-profit organizations, professional organizations, community organizations, other businesses, etc. Meals and entertainment may be provided by or to any affiliated individuals or organizations in conjunction with the sponsored event or under separate circumstances.

Armis receives incentive-based compensation for insurance sales by premium volume such as override commissions and paid business trips. Additionally, marketing credits and merchandising credits are earned from certain insurance carriers and through Advisors Excel. These credits translate into visual media and branded merchandise that may hold value and is distributed to clients.

**Item 15      Custody**

Clients should receive statements at least quarterly from the qualified Custodian that holds and maintains your investment assets and are encouraged to review statements carefully.

**Item 16      Investment Discretion**

Armis manages funds on a discretionary and non-discretionary basis, depending on the authority granted by the client in the individual advisory relationship. When discretionary authority is maintained, it is authorized in writing by the client, and is exercised in concert with the stated objectives for the account. Investment guidelines and restrictions must be documented in writing by the client if present.

**Item 17      Voting Client Securities**

As a policy and in accordance with Armis' client agreement, Armis will vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials to Armis. Clients may contact Armis with questions relating to proxy procedures and proposals.

**Item 18      Financial Information**

Registered Investment Advisers are required to provide you with certain financial information or disclosures about their financial condition. Armis has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of any bankruptcy proceeding.