



ADV Part 2A, Brochure  
Dated: May 16, 2019

Contact: Justin M. Burse, Chief Compliance Officer  
112 East 7th Street  
Auburn, IN 46706

**This Brochure provides information about the qualifications and business practices of CXI Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (214)291-3175 or [justin.burse@cxiadvisors.com](mailto:justin.burse@cxiadvisors.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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

**References herein to CXI Advisors, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## Item 2            Material Changes

This is CXI Advisors' initial Form ADV.

**CXI Advisors' Chief Compliance Officer, Justin M. Burse, remains available to address any questions that a client or prospective client may have regarding this Brochure.**

## Item 3            Table of Contents

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business .....	3
Item 5	Fees and Compensation .....	7
Item 6	Performance-Based Fees and Side-by-Side Management .....	9
Item 7	Types of Clients.....	9
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9	Disciplinary Information .....	15
Item 10	Other Financial Industry Activities and Affiliations .....	16
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	17
Item 12	Brokerage Practices .....	18
Item 13	Review of Accounts.....	21
Item 14	Client Referrals and Other Compensation .....	21
Item 15	Custody.....	21
Item 16	Investment Discretion.....	22
Item 17	Voting Client Securities.....	22
Item 18	Financial Information .....	22

#### **Item 4            Advisory Business**

- A. CXI Advisors, LLC, (the “Registrant”) is a limited liability company formed on April 4, 2019, in the state of Delaware. The Registrant became registered as an Investment Adviser Firm in May 2019. The Registrant is owned by CX Institutional, LLC, an SEC registered investment adviser firm (CRD# 292627). The officers and directors of the Registrant are also the officers and directors of CX Institutional, LLC.
- B. As discussed below, the Registrant, through its affiliated SEC registered investment advisor, CX Institutional, LLC (“CX Institutional”) offers to its clients (currently: individuals and pension and profit sharing plans.) investment advisory services and, to the extent specifically requested by the client, financial planning and consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The Registrant may be engaged to provide, pursuant to the sub-advisory agreement between Registrant and CX Institutional, discretionary investment advisory services on a fee basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management. Before Registrant provides investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. The Registrant will then allocate investment assets consistent with the designated investment objectives to be managed by CX Institutional. Once allocated, the Registrant provides ongoing monitoring and review of asset allocation as compared to client investment objectives.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES**

The Registrant, pursuant to the sub-advisory agreement between Registrant and CX Institutional, provides financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone basis. Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including certain of the Registrant’s supervised persons in their individual capacities as registered representatives of a broker-dealer or as licensed insurance agents. (See disclosure at Item 10.C). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant.

If the client engages any such recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e. attorney, accountant, insurance agent, etc.), and not the Registrant, shall be responsible for the quality and competency of the services provided.

It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

### **RETIREMENT PLAN SERVICES**

The Registrant also provides, pursuant to the sub-advisory agreement between Registrant and CX Institutional, retirement plan consulting/management services, pursuant to which it assists sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 ("ERISA"). The terms and conditions of the engagement shall be set forth in an agreement between the Registrant and the plan sponsor.

To the extent that the plan sponsor engages the Registrant in an ERISA Section 3(21) capacity, the Registrant will assist with the selection and/or monitoring of investment options (generally open-end mutual funds and exchange traded funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts.

### **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting / Implementation Services.** As indicated above, to the extent specifically requested by the client, the Registrant, pursuant to the sub-advisory agreement between Registrant and CX Institutional may provide limited consultation services to its investment management clients on investment and non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant shall not receive any separate or additional fee for any such consultation services. Neither the Registrant, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of the Registrant's services should be construed as legal, accounting, or insurance brokerage services. Accordingly, Registrant does not prepare estate planning documents, tax returns, or sell insurance products. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Registrant and or CX Institutional in their separate individual capacities as representatives of LPL Financial, a FINRA and SIPC member broker-dealer/custodian and SEC registered investment advisor ("LPL") and/or as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional.

The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. If the client engages any such recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. The preceding sentence shall not limit or waive any applicable rights under federal or state law, including securities laws and fiduciary obligations that cannot be limited or waived.

**Conflict of Interest:** The recommendation that a client purchase a securities or insurance commission product through a supervised person or through a representative of CX Institutional, in their separate and individual capacity as a registered representative of

LPL and/or as an insurance agent, presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment or insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products through such a representative. Clients are reminded that they may purchase securities and insurance products recommended by CX Institutional through other, non-affiliated registered representatives of a broker-dealer and/or insurance agents.

**Sub-Advisor Arrangement.** The Registrant is affiliated with CX Institutional, a registered investment adviser firm. Registrant shall engage CX Institutional to provide investment management services on a sub-advisory basis according to the terms and conditions of a written Sub-Advisory Agreement. With respect to its sub-advisory services, Registrant will maintain both the initial and ongoing day-to-day relationship with the client, including initial and ongoing determination of client suitability for the client's designated investment strategies and/or programs. **The Registrant's Chief Compliance Officer, Justin M. Burse, remains available to address any questions concerning the Registrant's sub-advisory arrangements.**

**Use of Mutual and Exchange Traded Funds.** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by the Registrant or CX Institutional independent of engaging the Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive the Registrant's initial and ongoing investment advisory services. In addition to the Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

**Retirement Plan Rollovers – No Obligation / Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn a new (or increase its current) advisory fee as a result of the rollover. **No client is under any obligation to roll over retirement plan assets to an account managed by the Registrant.**

**eMoney Advisor Platform.** The Registrant, through its sub-advisory relationship with CX Institutional, may provide its clients with access to an online platform hosted by “eMoney Advisor” (“eMoney”). The eMoney platform allows a client to view their complete asset allocation, including those assets that Registrant does not manage (the “Excluded Assets”). Registrant does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Registrant shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Registrant, shall be exclusively responsible for such investment performance. The client may choose to engage Registrant to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between Registrant and the client. The eMoney platform also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Registrant. Finally, Registrant shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Registrant’s assistance or oversight.

**Cash Positions.** Registrant may maintain cash and cash equivalent positions (such as money market funds) for defensive and liquidity purposes. Unless otherwise agreed in writing, all such cash positions are included as part of assets under management for purposes of calculating the Registrant’s advisory fee.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client’s other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant’s previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant’s written disclosure statement as set forth on Part 2 of Form ADV shall be provided to each client before, or contemporaneously with, the execution of the Investment Advisory Agreement.

- C. The Registrant shall provide investment advisory services tailored to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client’s investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant’s services.
- D. Although the Registrant does not sponsor a wrap fee program, the Registrant, through its relationship with CX Institutional, may offer investment management services on a wrap fee basis. Under CX Institutional’s wrap offerings, the client generally receives investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the client more or less than purchasing such services separately. The terms and conditions of a wrap program engagement are more fully discussed in CX Institutional’s Wrap Fee Program Brochure, a copy of which is provided to all CX Institutional wrap fee participants.

**Conflict of Interest.** Because wrap program transaction fees and/or commissions are being paid by CX Institutional to the account custodian/broker-dealer, CX Institutional has an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account. **The Registrant's Chief Compliance Officer, Justin M. Burse, remains available to address any questions that a client or prospective client may have regarding the corresponding conflict of interest a wrap fee arrangement may create.**

- E. As of April 8, 2019 the Registrant had \$0 in assets under management on a discretionary basis.

## **Item 5 Fees and Compensation**

A.

### **INVESTMENT ADVISORY SERVICES**

The Registrant, through CX Institutional, provides discretionary investment advisory services on a *fee* basis. The Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value of the assets placed under management (between negotiable and 2.50%).

Fees shall vary depending upon various objective and subjective factors, including but not limited to: the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client.

As a result, similarly situated clients could pay different fees, which will correspondingly impact an underlying client's net account performance. Moreover, the services we provide may be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Before engaging the Registrant to provide asset management services, through CX Institutional, clients are required to enter into an agreement with the Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

### **FINANCIAL PLANNING AND CONSULTING SERVICES FEES**

The Registrant, pursuant to the sub-advisory agreement between Registrant and CX Institutional, provides financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone basis. Before engaging the Registrant to provide financial planning or consulting services, clients may be required to enter into a Financial Planning and Consulting Agreement setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client before the Registrant commences services.

## RETIREMENT PLAN SERVICES

The Registrant, pursuant to the sub-advisory agreement between Registrant and CX Institutional, also provides retirement plan consulting/management services, pursuant to which it assists sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 (“ERISA”). The terms and conditions of the engagement shall be set forth in a Retirement Plan Services Agreement between the Registrant and the plan sponsor. The Registrant’s fee for retirement plan services shall be based upon a percentage (%) of the market value of assets within the plan and is negotiable.

- B. Clients may elect to have the Registrant’s advisory fees deducted from their custodial account. Both Registrant’s Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant’s investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant’s invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client’s circumstances require, the Registrant generally recommends that LPL Financial, a FINRA and SIPC member broker-dealer/custodian (“LPL”) and/or TD Ameritrade, a FINRA and SIPC member broker-dealer/custodian (“Ameritrade”) serve as the broker-dealer/custodian for client investment management assets.

Broker-dealers such as LPL and Ameritrade charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity, certain exchange traded fund and fixed income securities transactions). In addition to Registrant’s investment advisory fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level and disclosed in the applicable prospectus (i.e. management fees and other fund expenses). The fees charged by the applicable broker-dealer/custodian, and the charges imposed at the fund level, are in addition to Registrant’s investment advisory fees referenced in this Item 5.

- D. Registrant’s annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant does not require a minimum annual fee or asset level for investment advisory services.

The Investment Advisory Agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage certain of Registrant’s or CX Institutional’s representatives, in their individual capacities, as registered representatives of LPL, to implement investment



recommendations on a commission basis. In the event the client chooses to purchase investment products through LPL, LPL will charge brokerage commissions to effect securities transactions, a portion of which commissions LPL shall pay the engaged representative. The brokerage commissions charged by LPL may be higher or lower than those charged by other broker-dealers. In addition, LPL, as well as the engaged representative, relative to commission mutual fund purchases, will also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

**Conflict of Interest:** The recommendation that a client purchase a commission product from LPL presents a material conflict of interest, as the receipt of commissions provides an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from any related representatives. **The Registrant's Chief Compliance Officer, Justin M. Burse, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

Clients may purchase investment products recommended by CX Institutional through other, non-affiliated broker dealers or agents.

Neither the Registrant, nor CX Institutional receives more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products recommended to its clients.

When representatives of the Registrant or CX Institutional sell an investment product on a commission basis, an advisory fee is not charged in addition to the commissions paid by the client for such product. When providing services on a management fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services. However, a client may engage the Registrant to provide asset management services on a management fee basis and separate from such management services purchase an investment product from a representative on a separate commission basis.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7            Types of Clients**

The Registrant's clients currently include individuals, trusts, and estates, and pension and profit sharing plans and business entities. The Registrant does not require a minimum annual fee or asset level for investment advisory services.

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

- A. The Registrant may utilize the following methods of security analysis:

### Fundamental Analysis

This method attempts to measure a security's intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to attempt to produce a value that an investor can compare with the security's current price to determine what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security or index.

### Quantitative Analysis

This method attempts to measure a security's, or indices', risk and value by analyzing its relative metrics to the broad market. Such metrics include standard deviation, correlations, expected return metrics, balance sheet ratio analysis, and overall outputs tied to multiple regression analysis.

### Technical Analysis

This method attempts to measure a security's value by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

### Cyclical Analysis

This method attempts to forecast the direction of prices through analysis performed on historical relationships between price and market trends.

### Investment Risk

Investing in securities involves risk of loss that clients should be prepared to bear, including the complete loss of principal investment. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s). Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies.

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

#### Long Term Purchases

This refers to investments that are purchased with the intention of being held for at least one year.

#### Short Term Purchases

This refers to investments that are purchased with the intention of being sold within one year.

#### Option Writing

Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time. Option writing includes covered options, uncovered options, or spreading strategies.

#### Margin Accounts

The Registrant does not generally recommend the use of margin. However, should a client determine to use margin, the Registrant will include the entire market value of the margined assets when computing its advisory fee. Accordingly, Registrant's fee shall be based upon a higher margined account value, resulting in Registrant earning a correspondingly higher advisory fee. As a result, a conflict of interest arises since Registrant may have an economic disincentive to recommend that the client terminate the use of margin.

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, the Registrant, through CX Institutional, primarily allocates client investment assets among various individual equity, and, to a lesser extent, among fixed income securities and various mutual funds and exchange traded funds on a discretionary basis in accordance with the client's designated investment objectives.

Each type of investment has its own unique set of risks associated with it, and it would not be possible to describe the specific risks of every type of investment. However, the following provides a short description of some of the underlying risks associated with the types of investments that CX Institutional uses or recommends:

Market Risk: Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

Equity (stock) market risk: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Company Risk: When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk: When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

Options Risk: Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

ETF and Mutual Fund Risk: When the Registrant invests in an ETF or mutual fund, the client will bear additional expenses based on its pro-rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs if they do so outside of the Program.

Management Risk: Client investment success varies with the success and failure of the CX Institutional and or Registrant's strategies research, analysis and determination of portfolio securities. If the Registrant's investment strategies do not produce the expected returns, the value of the investment will decrease.

#### **LPL Financial Sponsored Advisory Programs**

The Registrant, may provide advisory services through certain programs sponsored by LPL. Below is a brief description of each LPL advisory program available to the Registrant's clients. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the

programs please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program.

#### **Manager Access Select Program**

Manager Access Select offers clients the ability to participate in the Separately Managed Account Platform (the “SMA Platform”) or the Model Portfolio Platform (the “MP Platform”). In the SMA Platform, The Registrant will assist client in identifying a third party portfolio manager (SMA Portfolio Manager) from a list of SMA Portfolio Managers made available by LPL, and the SMA Portfolio Manager manages client’s assets on a discretionary basis. The Registrant will provide initial and ongoing assistance regarding the SMA Portfolio Manager selection process. In the MP Platform, clients authorize LPL to direct the investment and reinvestment of the assets in their accounts, in accordance with the selected model portfolio provided by LPL’s Research Department or a third-party investment advisor.

A minimum account value of \$50,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

#### **Optimum Market Portfolios Program (OMP)**

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. The Registrant will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. The Registrant will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client’s investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

#### **Personal Wealth Portfolios Program (PWP)**

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. The Registrant will have discretion for selecting the asset allocation model portfolio based on client’s investment objective. The Registrant will also have discretion for selecting third party money managers (PWP Advisors), mutual funds and ETFs within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds, ETFs and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP. In certain instances, LPL will permit a lower minimum account size.

#### **Model Wealth Portfolios Program (MWP)**

MWP offers clients a professionally managed mutual fund asset allocation program. The Registrant will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Registrant will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by

LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department, a third-party portfolio strategist and/or Advisor, through its IAR, may act as a portfolio strategist responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.

#### **Small Market Solution (SMS) Program**

Under SMS, LPL Research (a team of investment professionals within LPL) creates and maintains a series of different investment menus ("Investment Menus") consisting of a mix of different asset classes and investment vehicles ("investment options") for clients that sponsor and maintain participant-directed defined contribution plans ("Plan Sponsors"). The Plan Sponsor is responsible for selecting the Investment Menu that it believes is appropriate based on the demographics and other characteristics of the Plan and its participants. LPL Research is responsible for the selection and monitoring of the investment options made available through Investment Menus. The investment options that are offered through SMS are limited to the specific investments available through the record keeper that the Plan Sponsor selects. The Plan Sponsor may only select an Investment Menu in its entirety and does not have the option to remove or substitute an investment option.

In addition to the services described above, Plan Sponsor may also select from a number of consulting services available under SMS that are provided by the Registrant through its sub-advisory relationship with CX Institutional. These consulting services may include, but are not limited to: general education, and support regarding the Plan and the investment options selected by Plan Sponsor; assistance regarding the selection of, and ongoing relationship management for, record keepers and other third-party vendors; Plan participant enrollment support; and participant-level education regarding investment in the Plan. These consulting services do not include any individualized investment advice to the Plan Sponsor or Plan participants with respect to Plan assets.

#### **Fees for LPL Advisory Programs**

The account fee charged to the client for each LPL advisory program is negotiable, subject to the following maximum account fees:

Manager Access Select	2.5%
OMP	2.5%
PWP	2.5%
MWP	2.65%*
SMS	0.95%**

\* The MWP account fee consists of an LPL program fee, a strategist fee (if applicable) and an advisor fee of up to 2.00%. Accounts remaining under the legacy fee structure may be charged one aggregate account fee, for which the maximum account fee is

2.50%. See the MWP program brochure for more information.

\*\* The SMS fee consists of an LPL program fee of 0.20% (subject to a minimum program fee of \$250), and an advisor fee of up to 0.75%.

Account fees are payable quarterly in advance, except that the SMS fee is paid in arrears on the frequency agreed to between client and the Registrant.

Excluding SMS, LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs

The Registrant and LPL may share in the account fee and other fees associated with program accounts. Associated persons of the Registrant and CX Institutional may also be registered representatives of LPL. Under SMS, LPL serves as investment advisor but not the broker-dealer. The Registrant and LPL may share in the advisory portion of the SMS fee.

### **Certain Conflicts of Interest**

The Registrant receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client, the amount of this compensation may be more or less than what the Registrant would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

The account fee may be higher than the fees charged by other investment advisors for similar services.

Clients should consider the level and complexity of the advisory services to be provided when negotiating the account fee (or the advisor fee portion of the account fee, as applicable) with the Registrant. With regard to accounts utilizing third-party portfolio managers under aggregate, all-in-one account fee structures (including MAS, PWP and the legacy MWP fee structure), because the portion of the account fee retained by the Registrant varies depending on the portfolio strategist fee associated with a portfolio, the Registrant has a financial incentive to select one portfolio instead of another portfolio.

Please refer to the relevant LPL Form ADV program brochure for a more detailed discussion of conflicts of interest.

## **Item 9           Disciplinary Information**

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

## Item 10 Other Financial Industry Activities and Affiliations

- A. Certain of the Registrant's supervised persons are registered representatives of LPL.

As discussed previously, certain associated persons of the Registrant are registered representatives of LPL. As a result of this relationship, LPL may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about the Registrant's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL privacy policy, please contact Justin M. Burse.

- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

- C. **Licensed Insurance Agents**

Certain of the Registrant's and CX Institutional's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. Clients can engage those individuals, in an individual capacity, to effect insurance transactions on a commission basis.

**Conflict of Interest:** The recommendation by a representative, that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide 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 Registrant's or CX Institutional's representatives. Clients are reminded that they may purchase insurance products recommended by the Registrant through other, non-affiliated insurance agents. **Registrant's Chief Compliance Officer, Justin M. Burse, remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**

### **Registered Representatives of a Broker/Dealer**

As indicated in Item 5 above, certain of Registrant's and CX Institutional's representatives are registered representatives of LPL, a registered broker-dealer, member SIPC/FINRA. Clients can choose to engage representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.

**Conflict of Interest:** The recommendation by Registrant's or CX Institutional's representatives that a client purchase a securities commission product presents a conflict of interest, as the receipt of commissions may provide 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 securities commission products from Registrant's or CX Institutional's representatives. Clients are reminded that they may purchase securities commission products through other, non-affiliated registered representatives. **CX Institutional's Chief Compliance Officer, Justin M. Burse, remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**

**Other Investment Advisor.** As indicated in Item 4 above, the Registrant is affiliated with CX Institutional, a SEC registered investment adviser firm (CRD# 292627).



Registrant shall engage CX Institutional to provide investment management services on a sub-advisory basis. This arrangement does not present a conflict of interest, because clients do not incur additional or increased advisory fees as a result.

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed before those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12      Brokerage Practices**

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

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

### **1. Non-Soft Dollar Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from LPL and Ameritrade (or could receive from other broker-dealer/custodians, unaffiliated investment managers, vendors, investment platforms, and/or product/fund sponsors) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. The support services that Registrant obtains can include: investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted and/or free travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or

software and/or other products used by Registrant in furtherance of its investment advisory business operations. As referenced above, certain of the support services and/or products that may be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise. The receipt of these support services and products presents a conflict of interest, because the Registrant may be incentivized to recommend that clients utilize LPL or Ameritrade as a broker-dealer/custodian based upon its interest in receiving ongoing support services and products, rather than based on a client's particular need. However, Registrant's clients do not pay more for investment transactions effected and/or assets maintained at LPL or Ameritrade as a result of this arrangement. There is no corresponding commitment made by the Registrant to LPL or Ameritrade or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. **The Registrant's Chief Compliance Officer, Justin M. Burse, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest presented.**

Although, not directly received by the Registrant, CX Institutional receives certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors. Specifically, the Additional Services include payment to third party vendors toward the cost of holding marketing events attended by CX Institutional's principals and certain of its clients; and/or CX Institutional employee events. Over last year, the following entities (each, a "Contributing Entity" and collectively, the "Contributing Entities") attended and contributed the following approximate amounts toward the costs of such events: Goldman Sachs: \$192, Blackrock: \$2,608, JP Morgan: \$1,000, State Street: \$1,817, PowerShares: \$1,788, Wisdom Tree: \$500, Alliance Bernstein: \$1,000, and Prudential: \$500. All of these Additional Services are non-recurring and individually negotiated. CX Institutional does not expect to receive these Additional Services again; however, CX Institutional reserves the right to negotiate for these Additional Services in the future. The Contributing Entities provide the Additional Services to CX Institutional in their respective sole discretion and at their respective own expense. CX Institutional does not pay any fees or agree to any express reciprocation benefitting any Contributing Entity for the Additional Services. CX Institutional and the Contributing Entities have not entered into any written agreement to govern the Additional Services.

#### Transition Assistance Benefits

LPL provides various benefits and payments to certain of the Registrant's representatives who are also registered representatives of LPL ("Dually Registered Persons") and are new to the LPL platform to assist the representative with the costs (including foregone revenues during account transition) associated with transitioning his or her business to the LPL platform (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the Dually Registered Person's business, satisfying any outstanding debt owed to the Dually Registered Person's prior firm, offsetting account transfer fees (ACATs) payable to LPL as a result of the Dually Registered Person's clients transitioning to LPL's custodial platform, technology set-

up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the Dually Registered Person at their prior firm. Such payments are generally based on the size of the Dually Registered Person's business established at their prior firm and/or assets under custody on the LPL. Please refer to the relevant Part 2B brochure supplement for more information about the specific Transition Payments your representative receives.

**Conflict of Interest:** The receipt of Transition Assistance by such Dually Registered Persons creates conflicts of interest relating to the Registrant's advisory business because it creates a financial incentive for the Registrant's representatives to recommend that its clients maintain their accounts with LPL. In certain instances, the receipt of such benefits is dependent on a Dually Registered Person maintaining its clients' assets with LPL and therefore the Registrant has an incentive to recommend that clients maintain their account with LPL in order to generate such benefits.

The Registrant attempts to mitigate these conflicts of interest by evaluating and recommending that clients use LPL's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by any particular Dually Registered Person. As noted above, the Registrant considers LPL's financial strength, reputation, execution capabilities, pricing, research, and service when recommending or requiring that clients maintain accounts with LPL. However, clients should be aware of this conflict and take it into consideration when making a decision whether to custody their assets in a brokerage account at LPL.

2. The Registrant does not receive referrals from broker-dealers.
3. **Directed Brokerage.** The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, clients may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. If the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts. **The Registrant's Chief Compliance Officer, Justin M. Burse, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. Transactions for each client account generally will be effected independently, unless the Registrant and or CX Institutional decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant and or CX Institutional may (but is not obligated to) combine or “bunch” such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant and or CX Institutional shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13          Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on a monthly basis by Registrant’s representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial issues, investment objectives and account performance with the Registrant on an annual basis, as applicable.
- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom Registrant provides investment advisory services will also receive a quarterly report from the Registrant.

### **Item 14          Client Referrals and Other Compensation**

- A. As referenced in Item 12.A.1. above, the Registrant receives economic benefits such as support services and/or products without cost or at a discount from LPL and Ameritrade. Registrant can also receive similar support services and/or products from various other broker-dealers/custodians. Registrant’s clients do not pay more for investment transactions effected and/or assets maintained at LPL, Ameritrade any other broker-dealers/custodians or other entities as a result of this arrangement. There is no corresponding commitment made by the Registrant to LPL, Ameritrade any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements. **The Registrant’s Chief Compliance Officer, Justin M. Burse, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest presented.**
- B. Neither the Registrant nor related persons of the Registrant compensate non-supervised persons for client referrals.

## **Item 15           Custody**

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

To the extent that the Registrant provides clients with periodic account statements or reports, Registrant urges clients to carefully review those statements and compare them to custodial account statements. Registrant's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. The account custodian does not verify the accuracy of the Registrant's advisory fee calculations.

## **Item 16           Investment Discretion**

Clients are required to engage the Registrant on a discretionary basis in order to provide investment advisory services. Before Registrant assumes discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, granting the Registrant, and potentially a sub-adviser, limited power of attorney to transact within the client's designated accounts, such authority shall allow the Registrant to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account. Clients may, at any time, impose restrictions, in writing, on the Registrant's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## **Item 17           Voting Client Securities**

- A. The Registrant does not vote client 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.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18           Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.

- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**The Registrant's Chief Compliance Officer, Justin M. Burse, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**