

FIRM BROCHURE
(Part 2A of Form ADV)

January 31, 2019

Spectrum Strategic Capital Management, LLC

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Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Spectrum Strategic Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (503) 746-9666 and/or www.sscapm.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.

Spectrum Strategic Capital Management, LLC is registered as an investment adviser with Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Spectrum Strategic Capital Management, LLC and its investment adviser representatives is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

This Brochure dated January 31, 2019 updates and replaces the brochure dated March 30, 2018, in accordance with the requirements and rules adopted by the United States Securities and Exchange Commission (“SEC”). The form and content of the brochure is unchanged from the previous version except as noted below.

Item 4 – *Advisory Services* – (i) updated the ownership percentage information and removed Ms. Shelly Sorem as she is no longer an owner (please note this did not trigger a change of control) (ii) updated the amount of our assets under management; (iii) expanded the disclosures on our financial planning services to include more specificity on conflicts surrounding these services and how we address the conflicts; (iv) added disclosure that we at times recommend certain types of private investments (such as hedge funds) to qualifying clients; (v) updated disclosures on our services provided to retirement plan accounts; and (vi) removed disclosures on recommending specific third party advisers to clients, as we no longer do this.

Item 5 – *Fees and Compensation* – (i) removed fixed fee disclosure for certain financial plan profiles; (ii) updated the billing rate ranges for financial planning services; (iii) enhanced the disclosures regarding the compensation received by certain Spectrum advisory representatives when clients implement certain financial planning recommendations; (iv) enhanced the disclosures pertaining to clients choosing only financial planning services; (v) updated disclosures on the process of calculating and billing our investment management fees to add more detail including on house-holding of client accounts for calculating fee breakpoints; (vi) enhanced the disclosures on third party fees, including those associated with private fund investments; (vii) updated the fees that are charged to retirement plan clients; and (viii) added a summary of our valuation policy.

Item 6 – *Performance Based Fees and Side by Side Management* – updated to include disclosures that certain private investments charge performance or incentive fees, which are outlined in their offering documents.

Item 8 – *Methods of Analysis, Investment Strategies and Risk of Loss* - updated to include disclosures on the illiquidity of private investments and that certain types of private fund, mutual funds and ETFs employ riskier strategies, such as the use of leverage, derivatives or hedging.

Item 10 - *Other Financial Activities and Affiliations* – updated to remove information on Ms. Shelly Sorem and to expand the disclosures regarding the outside business activities of Mr. Greg Bachman, Mr. Scott Meeker, including the conflicts surrounding the activities and how we address the conflicts.

Item 11 – *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* – expanded language regarding cross trading activities, including disclosures that clients can incur additional fees from brokers executing these types of trades.

Item 14 – *Client Referrals and Other Compensation* – expanded disclosures on the compensation received by certain Spectrum advisory representatives when clients implement certain financial planning recommendations.

Item 16 – *Investment Discretion* – removed disclosures on third party adviser discretion since we no longer recommend specific third party advisers to clients.

Spectrum made additional non-material updates to other sections in this Brochure, so we encourage each client to review the complete Brochure carefully and to call us with any questions you may have.

Pursuant to SEC Rules, Spectrum will ensure that clients receive a summary of any material changes to this Brochure at least annually, along with a copy of this Brochure or an offer to provide this Brochure, within 120 days of the close of Spectrum’s fiscal year. Additionally, should the Firm make material changes to this Brochure during the year, we will send you a summary of our “Material Changes” under separate cover, along with the same offer. For more information about the Firm, please visit www.sscapm.com.”

Additional information about Spectrum and its investment adviser representatives is available on the SEC’s website at www.adviserinfo.sec.gov.

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Item 4: Advisory Business

A. Description of Firm

Spectrum Strategic Capital Management, LLC ("Spectrum") is an Oregon-based investment management firm, founded in 2001. We primarily offer services covering the areas of financial planning, portfolio construction, and asset management.

We are currently registered with the Securities and Exchange Commission ("SEC") as an investment adviser and with the State of Oregon as a Limited Liability Company ("LLC"). We conduct business in a number of states, which are reflected in Part 1 of our Form ADV, a copy of which can be found on www.adviserinfo.sec.gov.

Currently, the principal owners (each owning between 10% to 30%) of the firm are, Greg Bachman, CFA & CFP®, Nichols Cutting, Richard Schwartz, and Scott Meeker. They are all part of senior management and are considered control persons of the firm.

B. Types of Advisory Services Offered

Our advisory services fall into two broad categories: Financial Planning and Investment Management. Our financial planning services are available on a stand-alone basis or as part of our investment management services. Clients that request financial planning services only are under no obligation to have any recommendations contained in the written plan implemented by us.

1. Financial Planning

Spectrum's approach to financial planning is to (1) obtain significant financial and other information from the client, including attitudes, goals, and objectives; (2) analyze the information obtained in order to develop alternatives for consideration; and (3) explain the implications and potential outcomes of selecting a particular alternative.

Based upon the client's objectives, Spectrum will prepare a written financial plan addressing the stated financial goals. This plan may be comprehensive in nature, or modular, as directed by the client. The client is not under any obligation to implement any of the recommendations outlined in the financial plan at any time either with Spectrum or with any other firm. Clients always have the right to decide whether to act upon any recommendations and may follow or disregard, wholly or in part, any information, recommendation or advice provided by Spectrum. Should the Client decide to follow our recommendations, typically the investment services are offered through Spectrum pursuant to a client's request for investment management services outlined in Item 4.B.2 below. Clients should know that Spectrum has conflicts of interest when making certain recommendations since Spectrum will receive fees, compensation and/or other concessions should the client implement such recommendations. More specifically, Spectrum will receive investment management fees should a client implement investment recommendations through us. In addition, certain advisory representatives of Spectrum also serve as registered representatives of an unaffiliated third-party broker-dealer and are licensed insurance agents with various unaffiliated insurance companies and their affiliated insurance agency, Spectrum Insurance Services, LLC. When the advisory representatives implement brokerage and/or insurance

transactions in these separate capacities, they receive normal and customary commissions for doing so. There exists a conflict of interest because there is an incentive for such advisory representative to recommend products or services for which they receive compensation. Clients always have the right to select any advisory firm, brokerage firm, or insurance agency or similar sales agency or representative to implement the advice and recommendations provided by Spectrum and/or our advisory representatives. Importantly, as part of Spectrum's fiduciary duty to clients, the firm and our representatives endeavor at all times to put the interests of the clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts related to these services are disclosed by us to new clients through the delivery of the firm's disclosure brochures (Form ADV Part 2A and Part 2Bs) and are outlined in the written agreement entered into by the client with Spectrum ("Client Agreement").

Please refer to Item 10 for further information on our financial affiliations.

Financial plans are based on the client's financial situation at the time of creation and are based on financial information disclosed by the client to Spectrum. Clients are advised that certain assumptions are made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance cannot be relied on as an indication of future performance. We cannot offer guarantees or promises that the client's financial goals and objectives will be met.

Further, Spectrum generally reviews and updates the plan based upon changes in the client's financial situation, goals, or objectives or changes in the economy. Should the client's financial situation, goals, objectives or financial needs change, the client is responsible for notifying us promptly of the changes. The following list represents the types of financial plans that we offer our clients:

a. Investment Planning Profile

When compiling an Investment Planning Profile, Spectrum will build a customized investment portfolio designed with a goal toward increasing returns and reducing risk. This model will be based on the client's time horizon, risk tolerance level, tax situation, future income needs, and goals and objectives. We will generally perform a complete analysis of the client's current portfolio and then compare it to our recommended investment portfolio. We will then suggest how the investments should be reallocated over various asset classes and the specific investment selection to implement our recommendations. We will provide a customized report that will define and assign the responsibilities of all involved parties and establish a clear understanding of the investment goals and objectives for the assets covered by the Investment Planning Profile.

b. Cash Management Profile

When constructing a Cash Management Profile, Spectrum will identify the client's sources of income and expenses. This profile will evaluate cash flow based on how income is currently being spent. We will then examine and itemize total income versus total expenses including taxes, to determine whether there is a surplus or deficit at the end of the year. We will use this information to make prudent recommendations regarding short-term and long-term financial goals (including debt restructuring).

c. College Planning Profile

For College Planning Profiles, Spectrum will help determine the estimated future cost of a college education and provide the client with various funding methods available. The College Planning Profile will also take into consideration whether or not financial aid will be available and potential tax implications. We will then review assets currently available and examine the specific dollar amounts that will be required on a monthly or lump sum basis. We will also project the estimated future cost of any specific university.

d. Risk Management and Survivors' Needs Profile

For those clients desiring Risk Management and Survivors' Needs Profiles, Spectrum will evaluate and project the estimated future financial needs of the surviving spouse and other dependents. We will then review available resources for income, including current insurance programs, and the economic loss associated with a death, disability, or long-term illness of either spouse. We will also identify strategies to mitigate the identified risks.

e. Accumulation Profile

When compiling an Accumulation Profile, Spectrum will evaluate current and future estate accumulation and/or savings goals and the dollar amounts required for funding. We will review assets currently available and factor in time horizon, possible returns, and shortfalls, if any.

f. Estate Planning Profile

For clients desiring an Estate Planning Profile, Spectrum will calculate and evaluate the impact of estate taxes. We will assist the client in his/her goal of preserving assets today and in the future, as the client accumulates a greater amount of wealth. Specific tax savings and wealth transfer strategies will be provided in an effort to help assist the client in minimizing estate liabilities and to help ensure the client preserves his/her estate for the benefit of its intended beneficiaries. Other areas of consideration will include:

- Maximizing the Unified Credit;
- Uses of Various Wills and Trusts;
- Methods of Providing Estate Liquidity; and
- Future Growth of the Estate.

g. Retirement Planning Profile

Spectrum's Retirement Planning Profiles identify a client's retirement goals and estimates of future income and expenses. This profile will provide the client with helpful guidance in planning for a comfortable and possibly early retirement. We will review and examine the client's current situation and the assets that will be available, including Social Security and/or other sources of income.

Spectrum will determine the adequacy of future income and provide specific recommendations if there are any shortfalls. We will also run future growth projections, including the impact of inflation, to help increase the likelihood that the client does not outlive his/her income. Retirement Planning Profiles can also include: Social Security benefits strategies, complete investment analysis, and the impact of lifestyle choices on income requirements.

h. Comprehensive Financial Plan

When compiling a Comprehensive Financial Plan, Spectrum will prepare a complete financial plan that is designed to give clients a comprehensive financial analysis and evaluation, and a detailed roadmap to help them understand and work toward their goals. This plan is a compilation of some, or all of the financial profiles listed above, as appropriate for each client.

It is our goal to become the client's chief financial adviser and to coordinate the efforts of their other advisers for their best interests. If the client wishes, we will proceed to implement the alternatives selected; and periodically update the adopted plan as needed.

2. Investment Management

There are three key elements to Investment Management: portfolio construction, implementation, and monitoring. Portfolio construction is based on the asset allocation model that has been determined to be appropriate for the client. In this phase, the client's investment objectives, constraints, and preferences are identified and specified. The result is the determination of the percentages of a client's total portfolio that should be allocated to each particular asset class.

Implementation and monitoring is an ongoing process by which:

- Strategies are developed and implemented through investments in a combination of financial assets;
- Capital market conditions and client circumstances are monitored; and
- Portfolio adjustments are made as appropriate to reflect significant changes in any or all of the above relevant variables.

Spectrum managed account portfolios usually consist of, but are not limited to, a combination of some or all of the following: money market funds, mutual funds, stocks, bonds, unit investment trusts, exchange traded funds ("ETFs"), certain limited private offerings, and certificates of deposit. Per the Client Agreement, the client's managed account will be a discretionary account for which Spectrum need not seek client approval prior to purchasing or repositioning assets. For more information on our discretionary authority, please refer to Item 16, below.

Clients, with assistance from Spectrum, will fully and accurately complete a questionnaire ("Client Profile") in the form provided by us describing the client's financial situation, investment objectives, time horizon, risk tolerance and investment preferences. We will utilize the Client Profile in rendering services to each client.

Upon completion of a Client Profile, Spectrum and client will determine the appropriate portfolio investment strategy based on results of the Client Profile. Under all circumstances, clients are responsible for promptly notifying us of any material changes in the information furnished by the client in the Client Profile or information that is otherwise material to client's financial situation, investment objectives, time horizon, risk tolerance and investment strategy.

Clients will be provided with a written Investment Policy Statement (IPS) based on the results of the Client Profile. Clients and/or Spectrum can choose to exclude certain asset classes or specific

securities from their managed account portfolio or modify the risk level for the portfolio type indicated. These exclusions and/or modifications will be included in the IPS.

Currently, Spectrum offers the following investment strategies:

- Investment Management Services Strategy
- Enhanced Index Strategy

The Investment Management Services Strategy's investment objective allocations are designated as Ultra-Conservative, Conservative, Moderate, Moderate Growth, Growth, and Aggressive Growth.

The Enhanced Index Strategy's investment objective allocations are designated as Income, Growth and Income, or Capital Appreciation.

Please refer to Item 8 below for details regarding the types of investments utilized for these two strategies.

From time to time, we may change or create new portfolio investment strategies. Each client's managed account portfolio can be invested similarly to, or different from, other clients with the same or similar objectives. Spectrum will monitor market conditions and the performance of each client's portfolio, reposition assets as needed, and communicate any changes to clients in a timely manner.

In the event that a client notifies Spectrum of changes to the information in their Client Profile, we will review such changes and recommend appropriate changes to the client's IPS, if any. Once the amended IPS has been finalized, Spectrum will proceed in an orderly manner to make the necessary changes to transition to the client's redesigned portfolio strategy.

A client's managed account portfolio can either be a cash account or a margin account. Unlike a cash account, a margin account allows the client to buy securities or withdraw cash by borrowing the money against the portfolio assets.

While we do not encourage clients to borrow money for the purpose of building an investment portfolio, there are situations where the use of margin can offer the potential to take advantage of a buying opportunity. In those situations, we suggest that clients apply for margin privileges on their accounts in order to obtain this flexibility. However, in accordance with our fiduciary duty to our clients, we only suggest the use of margin in cases where we believe it is within the client's overall investment goals and in the client's best interest.

Clients should be aware that the use of margin creates a conflict of interest between us and our clients since our fees are based on the full value of the assets under management including any assets purchased using margin. In order to mitigate that conflict, it is our goal to work with our clients to pay-off the margin balance as quickly and efficiently as possible.

Buying securities on margin subjects client to additional costs and risks that should be carefully considered before opening a margin account. We provide clients who wish to have margin

accounts with a separate information sheet on such risks. For more information regarding the risks of loss in general, please refer to Item 8, below.

For certain qualifying clients, Spectrum will recommend that a portion of such client's assets be invested in one or more private investments. These can include, without limitation, hedge funds, real estate funds, private equity funds, venture capital funds, and other types of private pooled investment vehicles (collectively "Private Funds"). When determining which clients should receive a recommendation to invest in a Private Fund, Spectrum considers a number of factors, including but not limited to a client's sophistication, risk tolerances and qualifications, investment objectives, and the amount of available assets in the client's account(s). Spectrum's goal is to allocate in a fair and balanced manner; however, given these differing factors, the allocation of investment opportunities in Private Funds to clients is mainly subjective and not all qualifying clients will be provided an investment opportunity.

Clients that receive a recommendation to invest in Private Funds will be provided with a copy of each fund's offering documents, which should be read in their entirety prior to investing in order to understand the investment objectives, fees, risks and conflicts pertaining to such investments. Please refer to Items 5 & 8 for further information.

3. Retirement Plan Investment Advisory Services

Spectrum offers investment advisory services to defined contribution plans, defined benefit plans, and 401k retirement plans. Each plan sponsor will select whether they want us to serve as a Section 3(21) or Section 3(38) adviser.

In providing services as a Section 3(21) adviser, Spectrum will: (i) assist the plan fiduciary in creating and/or updating the plan's written Investment Policy Statement; and (ii) formulate model portfolios based on those investment options available to the plan, recommend investment options for the plan, periodically reviews the plan's investment options, and meet with the client periodically in order to discuss. As a 3(21) adviser, Spectrum will not have discretion over a plan's investments and assets.

In providing services as a Section 3(38) adviser, Spectrum shall service as the investment manager for the plan and shall have (i) discretion over the establishment of the plan's IPS; and (ii) discretion over the selection, monitoring, removal and replacement of the plan's investments.

Also, dependent on client needs, Spectrum will provide training and education and answer general questions from plan participants relating to the characteristics of and considerations for the plan's investment selections. Educational seminars for plan participants generally cover the following areas: (1) financial planning, (2) risk management, (3) types of investments, (4) estate planning, and (5) taxes.

If the Plan is participant-directed, Spectrum will, if requested, provide advice to any individual plan participant as to the participant's investment in securities made available by the plan. In doing so, the Firm will take into account a participant's specific needs, age, investment horizon, and other relevant factors. However, such services do not include discretionary asset management

by Spectrum of investments made by participants. Also, Spectrum will not receive any fees directly from plan participants for the performance of this service.

C. General Information about Spectrum's Services

1. Gathering Individual Client Information

As explained above, services provided by Spectrum are customized to meet the individual needs, objectives, and other financial goals of the client. Early on in the relationship, we will typically memorialize each client's investment objectives, risk tolerance, time horizons and other important and necessary information, including any investment guidelines, in the client's Client Profile and IPS. We will use this information, together with any other information relating to the client's overall financial circumstances, to determine the most appropriate asset allocation and investment strategy that we believe best meets each client's financial goals.

There may be times when certain restrictions are placed by a client which prevents us from accepting or continuing to service the client's account. Spectrum reserves the right to not accept and/or terminate a client's account if we feel that the client-imposed restrictions would limit or prevent us from meeting and/or maintaining the objectives covered in the IPS.

2. Responsibility for Accuracy

Spectrum will not assume any responsibility for the accuracy of the information provided by the client. We are not obligated to verify any information received from the client or from the client's other professionals (*e.g.*, attorney, accountant, etc.) and are expressly authorized to rely on the information as provided.

Under all circumstances, clients are responsible for promptly notifying us in writing of any material changes to their financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies Spectrum of changes in their financial circumstances, we will review such changes and when warranted, recommend that updates be made to the client's financial plan, IPS and/or managed account portfolio.

3. Advisory Agreements

Prior to engaging Spectrum to provide advisory services, each client will be required to enter into one or more written Client Agreements with us, setting forth the services to be provided, the fees to be charged and the terms and conditions under which we will render our services. Spectrum will provide a Brochure (Form ADV Part 2A) and the applicable Brochure Supplements (Form ADV Part 2B) to each client or prospective client prior to or upon execution of our written Client Agreement. The advisory relationship will continue until terminated by the client or Spectrum in accordance with the provisions of the executed Client Agreement(s).

D. Assets Under Management

As of December 31, 2018, the following represents the amount of client assets managed by Spectrum on a discretionary and non-discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$154,499,568.00
Non-Discretionary	\$0.00
Total	\$154,499,568.00

E. Education and Business Standards of Spectrum's Representatives

Spectrum generally requires its Investment Adviser Representatives to successfully complete university study and/or its educational or business equivalent. We select those persons who have demonstrated knowledge of the financial and economic principles needed in providing sound investment and financial planning advice. These skills are demonstrated by their business background, education, passing of FINRA securities examinations, or professional designations such as Certified Financial Planner (CFP®), Certified Financial Analyst (CFA®) or Certified Public Accountant (CPA). We also expect everyone associated with us to conduct business according to the highest standards of honesty and fairness, and that they render services to their customers in a manner that they would apply to or demand for themselves. Spectrum's Investment Adviser Representatives should have no securities related disciplinary history. Each Spectrum investment advisory representative's education and business history is outlined in their respective Form ADV Part 2B, a copy of which is provided to all clients and can be requested by contacting us.

ITEM 5: FEES AND COMPENSATION

A. Compensation for Financial Planning Services

Spectrum will be compensated by fees for providing specific in-depth analysis of one or more financial areas ("Financial Profiles") or a complete financial assessment compiling all the available financial profiles. As noted in Item 4 above, Financial Profiles include but are not limited to investment planning, cash management, college planning, risk management, accumulation profile, estate planning, retirement planning, and comprehensive planning. Fees for these services will be billed at rates ranging from \$60 to \$300 per hour or on a fixed fee basis, as agreed upon with the client. Any requested modifications by the client to a Financial Profile are generally billed at an hourly rate ranging from \$60 to \$300, if changes are made by a Spectrum member.

Spectrum's hourly fee is negotiable at our sole discretion. Fees for financial planning services will be billed and payable upon completion of the work.

Please refer to Item 4, above, for more information on what each plan entails.

In addition to financial planning fees charged to the client, Spectrum charges investment management fees when a client chooses to implement the investment recommendations through Spectrum. In situations where a prospective client has pre-determined to have us provide both financial planning and investment management services, the financial planning fees are waived.

Also, as mentioned in Item 4, certain Spectrum advisory representatives also serve as registered representatives of an unaffiliated third-party broker-dealer and are licensed insurance agents with various unaffiliated insurance companies and the firm's affiliated insurance agency, Spectrum Insurance Services, LLC. When the advisory representatives implement brokerage and/or insurance transactions in these separate capacities, they earn commissions and/or other fees. This creates conflicts of interest. However, clients are under no obligation to implement any recommendations made by Spectrum and always have the right to select any advisory firm, brokerage firm, or insurance agency or similar sales agency or representative to implement any or all of our recommendations. . For more information on Spectrum's broker-dealer and insurance affiliations, please refer to Item 10 below.

1. General Information on Financial Planning Fees

Clients may choose to use the financial planning profiles individually or in combination and are not restricted to only financial planning services. All fees are negotiable at the sole discretion of Spectrum. Clients choosing to receive only financial planning services, will be required to enter into a Client Agreement and pay a financial planning fee, as described above. The client or Spectrum can terminate the Client Agreement at any time with 30 days written notice to the other.

If the client cancels the Client Agreement after Spectrum has begun the financial planning services requested, the client shall be charged for the services completed. In all matters, Spectrum's financial planning services are analytical and advisory only and do not include legal or tax advice. We will work with your legal, accounting, insurance or other professional advisers, as needed to ensure the coordination of all pieces involved in the financial planning and/or estate planning process.

All fees paid to Spectrum for investment management or financial planning services are separate and distinct from any fees charged by third parties, including but not limited to brokers, custodians, and the fees and expenses charged by mutual funds and ETFs to their shareholders or fees charged by other investments, including Private Funds. Please refer to Item 5.C below for further information on additional fees charged by third parties.

B. Compensation for Investment Management Services

Upon initial opening of a managed account, Spectrum's investment management fees will be charged in advance based on of the value of the account assets and the number of days remaining in the quarter. The advisory fees are due and payable upon initial opening of a managed account and will be deducted from the account assets, as outlined in the Client Agreement

Unless otherwise negotiated and memorialized in the Client Agreement, Spectrum charges an annualized quarterly management fee for investment management services that is based on the fair market value of a client's assets under management ("AUM") (including cash and cash equivalents) as downloaded from Black Diamond, based on transaction data downloaded by the qualified custodian, and reasonably determined in good faith by Spectrum. The management fee is calculated based on the fair market value of a client's account(s) as of the close of business on the last business day of the immediately preceding calendar quarter.

If a client has a margin account, our fees will be based on the full value of the assets under management without regard to the amount of margin debt on the account. Clients need to be aware that buying investments using margin increases the amount of fees paid to us. In addition, a client with a margin account is charged margin interest by the custodian on the margin debit balance in the client's account.

As authorized in the Client Agreement, management fees will be deducted from a client's managed account(s). At the beginning of each calendar quarter, Spectrum sends a billing statement to each client's custodian for payment. Clients are provided with an informational invoice by Spectrum, which reflects the fair market value of their managed account(s) assets, the fee calculation, and the amount of management fees to be paid to Spectrum. For additional information on fees, please refer to Item 5.C below.

It is the client's responsibility, and not the custodian's, to verify the accuracy of Spectrum's fee. Clients will receive a periodic (at least quarterly) account statement from the custodian, reflecting among other things, any fees withdrawn by the custodian and paid to Spectrum. Clients are urged to compare statements received by third parties, such as the client's custodian, with those statements sent by Spectrum. For more information on the reports Spectrum provides to its clients, please refer to Item 13, below.

1. Spectrum Managed Account Fee Schedule

The investment management fee (the "Fee") will be payable quarterly in advance, based on the value of a client's account as of the close of business on the last business day of the immediately preceding calendar quarter. The Fee will be calculated in accordance with the agreed upon fee schedule and will be debited from each client's account as soon as practicable following the last business day of the preceding calendar quarter.

The Investment Management Services Strategy Fee is a function of the mix of assets and the size of the client's account. The Enhanced Index Strategy is a fixed percentage amount based on amount of account assets.

Additional deposits of cash and/or any securities will be subject to the same billing procedures. Currently, Spectrum does not prorate fees based on withdrawals.

Spectrum can amend our fees at any time by giving thirty (30) days advance written notice to clients. Below are the managed account fee schedules that are currently being charged. Spectrum has current clients that pay fees that are higher and lower than the fees reflected below.

Investment Management Services Strategy

Assets Under Management	Annual Advisory Fee (%) (billed quarterly)
\$250,000 - \$500,000	1.30%
\$500,001 - \$1,000,000	1.20%
\$1,000,001 - \$2,000,000	1.00%*
\$2,001,000 – \$5,000,000	0.90%*
\$5,001,000 and above	0.75%*

*Fee are negotiable, in the sole discretion of Spectrum, and are assessed based on a variety factors, including a long-term client relationship, mix of assets, size of Client's account, commitment to bring in additional assets, complexities within the overall portfolio and special considerations. While accounts which employ a passive strategy generally are charged less, those assets are aggregated for purposes of calculating breakpoints.

Since the fee schedule above is a tiered schedule based on a client's AUM, it means that the greater a client's AUM is, the lower the client's investment management fee will be. To calculate these breakpoints, Spectrum will household client accounts. Spectrum defines a household as all children, grandchildren and parents as communicated by the client, which are associated by blood or by operation of law. Consequently, the annual fee rate is calculated based upon the breakpoint achieved (if any) based on the combined assets of all client accounts within a household and applied to each individual account.

Enhanced Index Strategy

Annual Advisory Fee (%) (billed quarterly)
0.50% of assets under management

C. Compensation for Retirement Plan Investment Advisory Services

The investment advisory fees charged by Spectrum to retirement plan clients are billed quarterly in advance and based on the value of the plan assets, as calculated and reported by the custodian as of the close of business on the last business day of the immediately preceding quarter. The annual fee for this service is 0.50% and will be deducted by the plan's custodian and paid to Spectrum, as authorized by the client in the Client Agreement.

D. Important Information on Managed Account Fees

Spectrum's fees do not include third-party fees, including custodian fees, brokerage fees, retirement plan administration fees, odd-lot differential fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes. A client managed account that is invested in mutual funds and ETFs will be subject to certain fees and expenses, which are imbedded in the price of the mutual fund or ETF. These fees are described in each fund's prospectus. Mutual funds also charge a distribution (12b-1 fee), and in some cases, a front-end load (commission) or deferred sales or surrender charges. Client assets invested in Private Funds are also subject to management fees, performance or incentive fees and other expenses as described in each fund's offering documents. In addition, clients can incur additional fees charged by brokers for executing cross trades that occur between client accounts. For a description of cross trades and more information regarding Spectrum's policy on cross trades, please refer to Item 11 below.

The third-party fees and expenses described above are separate from and in addition to the fees charged by Spectrum. Spectrum does not receive or share in any of the third-party fees. However, as outlined in Item 4 above, certain advisory representatives of Spectrum also serve as registered representatives of an unaffiliated third-party broker-dealer and are licensed insurance agents with various unaffiliated insurance companies and their affiliated insurance agency, Spectrum Insurance Services, LLC. When the advisory representatives implement brokerage and/or insurance transactions in these separate capacities, they receive normal and customary

commissions for doing so. This creates a conflict of interest because there is an incentive for such advisory representative to recommend products or services for which they receive compensation. Please refer to Item 4 for information on how this conflict is addressed and Item 10 regarding details on the relationships and affiliations.

Clients should carefully review all third party fees, together with the fees charged by Spectrum to fully understand the total amount of fees to be paid by the client. Only then will the client be able to fully evaluate the advisory services being provided and the fees being paid.

E. Refund for Pre-Paid Unearned Fees

Clients can terminate their Client Agreement with Spectrum upon thirty (30)-days written notice. Clients will either receive a refund of any unearned pre-paid fees or will be charged for any earned un-paid fees for work performed by Spectrum, as applicable.

F. Spectrum's Valuation Policy

When determining market value of an account for purposes of calculating investment management fees, Spectrum's policy is as follows: For all publicly traded securities held in client accounts, Spectrum receives daily prices electronically from a third-party provider, which are reconciled electronically with daily prices received by clients' custodians. Any discrepancies are corrected as promptly as possible. The reconciled prices are used for determining market value. Market value of an account includes securities and cash and cash equivalents in the account. For investments in Private Funds, Spectrum only recommends Private Funds approved for Fidelity Investment's platform and therefore only relies upon the valuations provided by Fidelity Investments for each Private Fund. However, in the event that a valuation is not timely provided by Fidelity Investments, Spectrum will turn to the issuer of the Private Fund to obtain a valuation. Should Spectrum be unable to obtain an appropriate valuation from Fidelity or the issuer, we will value the Private Fund holding in accordance with our written valuation procedures.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Spectrum does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client). Consequently, we do not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described above, Spectrum provides its financial planning and investment management services for a fixed fee, hourly charges and/or based upon a percentage of assets under management.

Importantly, some of the Private Funds that Spectrum's clients invest in do charge performance or incentive-based fees, which are outlined in the respective Private Fund's offering documents and should be reviewed by investors prior to investing. Spectrum does not receive any portion of these fees.

ITEM 7: TYPES OF CLIENTS

A. Description

Spectrum provides advisory services primarily to individuals and high net worth individuals, as well as to pension and profit-sharing plans, charitable organizations, and corporations or other business entities.

B. Conditions for Managing Accounts

For a client account invested in the Investment Management Services Strategy with an investment objective allocation of Ultra-Conservative, Conservative, Moderate, Moderate Growth, Growth or Aggressive Growth strategy, the minimum initial investment is \$200,000. For a client account invested in Enhanced Index Strategy with an investment objective allocation of Income, Growth and Income, or Capital Appreciation, the minimum initial investment is \$20,000. We have in the past and may in the future, at our discretion, choose to aggregate other accounts of the client to meet this minimum, or make other exceptions as appropriate in the circumstances. The above minimums can vary and have in the past and may in the future be waived in our sole discretion.

If a client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Spectrum may be a fiduciary to the plan. In providing our investment management services, the sole standard of care imposed upon us is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Spectrum will provide certain required disclosures to the "responsible plan fiduciary" (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we receive by such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the Client Agreement and/or in separate ERISA disclosure documents and are designed to enable the ERISA plan's fiduciary to: (1) determine the reasonableness of all compensation received by Spectrum; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

Spectrum uses a variety of resources for research, including but not limited to third party programs such as FactSet, Portfolio 123, and Morningstar (including Workstation) to assist us during our research. Although we rely primarily on long-term purchases as an investment strategy, there are times when we deem other strategies appropriate based on the client's financial objectives and risk tolerance.

Spectrum also subscribes to qualitative and quantitative software packages that are used to identify and evaluate asset class weighting and individual stocks and mutual funds to be added or deleted from clients' portfolios.

Spectrum and our associated persons also, from time to time, recommend or provide advice on tax credit partnerships (including low income housing and/or oil and gas), REIT's (real estate investment trusts) or CMOs (collateralized mortgage obligations) to certain clients. These types of investments generally are obtained through limited private offerings ("private placements"). Spectrum also recommends Private Funds to certain qualified clients.

These investments carry certain risks, including the fact that they are usually illiquid investments, are not subject to the same regulatory requirements as stocks and mutual funds, and usually charge higher fees. Additionally, certain Private Funds are more illiquid than others, meaning that an investor's investment can be "locked up" for a defined period of time or for the life of the Private Fund. The illiquidity of each Private Fund depends on a few factors, including but not limited to the type and liquidity of the Private Fund's underlying investments. Each private placement and Private Fund has an offering document, which contains detailed information on the various risks and fees relating to the investment. It is important for investors to read the offering documents fully before investing.

Spectrum and our associated persons also recommend or provide advice on 529 plans or other fixed insurance products.

Spectrum also offers the following investment strategies:

Enhanced Index Strategy - a financial strategy designed with an objective to limit active risk by seeking to eliminate market timing and stock picking therefore avoiding the adverse consequences of failing to correctly forecast business specific factors (i.e. revenues, earnings, changes in debt/assets, etc.). The strategy seeks investment returns through a diversified portfolio of exchange traded funds (ETF's) typically rebalanced quarterly. The Enhanced Index Strategy investment objective allocations are designated as Income, Growth and Income, or Capital Appreciation and Spectrum works with the client to determine which best meets the client's overall investment guidelines.

Investment Management Services Strategy – is customized based on the results of each client's written profile, utilizing either equity securities, fixed income securities, or a combination of both. The strategy's investment allocations are designated as Ultra-Conservative, Conservative, Moderate, Moderate Growth, Growth, and Aggressive Growth.

B. Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Prior to entering into a Client Agreement with Spectrum, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of five to seven years; (2) that volatility from investing in the stock market can occur; and (3) that over time the client's assets will fluctuate and at any time be worth more or less than the amount invested.

The market value of stocks will generally fluctuate with market conditions, and small-stock prices generally will fluctuate more than large-stock prices. Stocks of mid-capitalization companies often have greater price volatility, lower trading volume, and less liquidity than the stocks of

larger, more established companies. While stocks have historically outperformed other asset classes over the long term, they tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole. Past performance of investments is no guarantee of future results.

The market value of bonds will generally fluctuate inversely with interest rates and other market conditions prior to maturity and will equal par value at maturity. Interest rates for bonds can be fixed at the time of issuance, and payment of principal and interest can be guaranteed by the issuer and, in the case of U.S. Treasury obligations, backed by the full faith and credit of the U.S. Treasury. The market value of Treasury bonds will generally fluctuate more than Treasury bills, since Treasury bonds have longer maturities.

CMOs are very sensitive to changes in interest rates and any resulting change in the rate at which homeowners sell their properties, refinance, or otherwise pre-pay their loans. Investors in these securities are not only be subject to prepayment risk, but they also are exposed to significant market and liquidity risks.

Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and can be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets.

Spectrum typically invests for the long-term and does not engage in high frequency trading.

Depending on the sophistication and risk tolerances of our clients, Spectrum at times will recommend, as part of a client's overall investment strategy, that a portion of such client's assets be invested in private placements or other alternative investments, including Private Funds. Such investments present special risks for clients, including without limitation, limited liquidity, higher fees, volatile performance, heightened risk of loss, limited transparency, special tax considerations, subjective valuations and limited regulatory oversight. Therefore, private placements and Private Funds are usually not suitable for all of our clients and therefore, will only be offered only to certain qualifying clients for whom an investment therein is determined to be suitable.

Generally, such investments are available for investment only to a limited number of sophisticated investors who generally meet the definition of "accredited investor" under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"). It is important that each potential qualified client fully read each offering or private placement documents prior to investing.

Notably, some of the Private Funds, mutual funds and ETFs selected by Spectrum employ alternative or riskier strategies, such as the use of leverage, derivatives or hedging. Leverage is the use of debt to finance an activity. For example, leverage is used when one uses margin to buy a security. Derivatives can be riskier than other types of investments because they can be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the original investment. The use of derivatives may not be successful, resulting in investment losses, and the cost of such strategies can reduce investment returns. Hedging, on the other hand, occurs when an investment is made in order to reduce the

risk of adverse price movements in a security. For example, hedging is used when one takes an offsetting position in a related security, such as an option or short sale. While leverage or hedging can operate to increase rates of return, it also increases the amount of risk inherent in an investment.

Clients with margin accounts should be aware that there are a number of additional risks that need to be considered when trading securities on margin. The risks associated with margin include, but are not limited to, the following:

- Clients can lose more assets than you deposit in the margin account. A decline in the value of securities that are purchased on margin can require you to provide additional funds to the brokerage firm that has made the loan to avoid the forced sale of those securities or other securities in a client's account.
- The lending brokerage firm is able to force the sale of securities in a client's account. If the equity in a client's account falls below the maintenance margin requirements under the law—or the lending brokerage firm's higher "house" requirements—the brokerage firm can sell the securities in a client's account to cover the margin deficiency. A client will also be responsible for any short fall in their account after such a sale.

It is important that clients take time to learn about the risks involved in trading securities on margin, and clients should consult with Spectrum's advisers regarding any concerns they may have with their margin accounts.

Some additional investment risks applicable to investing in securities a client should be aware of include, but are not limited, to the following:

Market Risk: The price of a stock, bond, mutual fund or other security can drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.

Equity Risk: Since the strategies invest in equity securities, they are subject to the risk that stock prices can fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of each strategy's equity securities can fluctuate significantly from day-to-day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies can suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the strategies we offer.

Foreign Risk: Investments in overseas markets (international securities) pose special risks, including currency fluctuation and political risks, and such investments can be more volatile than that of a U.S. only investment. The risks are generally intensified for investments in emerging markets.

Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Political and Legislative Risk: Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of their business outside of the United States.

Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product.

Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Spectrum does not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers such as Spectrum are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of the Firm or the integrity of its management. Spectrum does not have any such legal or disciplinary events and thus has no information to disclose with respect to this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Financial Industry Activities and Affiliations

Mr. Greg Bachman, CFA, CFP®, Chief Investment Officer & Director of Financial Planning and other advisory representatives of Spectrum are also registered representatives with Purshe Kaplan Sterling Investments (PKS). This firm is an unaffiliated registered broker/dealer with the Financial Industry National Regulatory Authority (FINRA), the Securities and Exchange Commission (SEC) and various states and a member of the Securities Investor Protection Corporation (SIPC). In that capacity, the investment advisory representatives of Spectrum from time to time recommend investment products to clients that are sold through this broker/dealer. When a client opens an account with PKS and implements any recommendation through PKS, the

advisory representatives, including Mr. Bachman receive a usual and customary commission, which includes sales loads, 12b-1 distribution fees, and/or service fees from mutual funds purchased in the client's PKS brokerage account.

Mr. Bachman and Mr. Scott Meeker, CPA, are also licensed insurance agents with various insurance agencies, including Spectrum's affiliate, Spectrum Insurance Services, LLC. Both Mr. Bachman and Mr. Meeker have a percentage ownership interest in Spectrum Insurance Services, LLC and as such share in the profits and losses of the firm. In addition, as licensed insurance agents they receive both initial and ongoing commissions from selling insurance, including when a Spectrum client implements a recommendation made to them by Mr. Bachman or Mr. Meeker regarding the purchase of insurance. Individually, they spend approximately 2 to 5 hours a month on activities for the insurance firms.

In addition, Mr. Nichols Cutting, Chief Compliance Officer has ownership interests in different private real property activity entities, which take up less than 5% of his time. He also maintains a limited tax practice and spends less than 10% of his time on this business.

Mr. Bachman and Mr. Cutting spend the majority of their time on the activities of Spectrum. Mr. Meeker is the sole owner of Scott Meeker CPA, PC and spends approximately 75% of his time on activities for that firm. Please refer to Form ADV Part 2B for further information on the business activities of these principals, which is provided to new clients and a copy can be obtained by contacting us.

The outside business activities and affiliations outlined above cause conflicts of interest, especially due to the fact that certain principals and advisory representatives of Spectrum receive commissions (including sales loads, 12b-1 distribution and/or service fees) on the insurance and investment products purchased by clients. The commissions received are described to each client in detail before the product is sold. Importantly, the commissions received by the principals and advisory representatives are not derived from any investments made in our client's discretionary managed accounts. They only receive the compensation when a financial planning client opens a brokerage account with PKS to implement recommendations made, and/or purchases insurance through Spectrum Insurance Services, LLC or any other insurance agency where Mr. Bachman or Mr. Meeker are licensed with.

Notably, as part of Spectrum's fiduciary duty to clients, the Firm, its principals, and its investment adviser representatives will endeavor at all times to put the interests of the clients first, and will only make recommendations that they reasonably believe are suitable and in the best interests of the client. Additionally, the conflicts presented by these affiliations are disclosed to clients through the delivery of the firm's disclosure brochures (Form ADV Part 2A and Part 2Bs) and in the written Client Agreement.

As outlined in Item 4 above, Financial Planning clients are not obligated to implement recommended transactions through Spectrum, any Spectrum advisory representative or any particular broker-dealer or insurance agency. These clients have the option to purchase any recommended investment or insurance products or services through advisers, brokers or agents other than Spectrum, Purshe Kaplan Sterling Investments, or Spectrum Insurance Services, LLC.

B. Recommendation of Other Advisers

Spectrum had in the past entered into an arrangement with Rochdale Investment Management (“Rochdale”), a non-affiliated investment adviser, wherein Rochdale provided certain Spectrum clients with investment management services. Such referrals to Rochdale were made based on the fact that Spectrum believed that the services provided by Rochdale were consistent with the referred client’s investment objectives and financial circumstances. Currently, we are no longer recommending clients to Rochdale under this arrangement.

However, we still have clients that had entered into an agreement with Rochdale, so Rochdale is paying Spectrum an ongoing referral fee in an amount of up to 50% of the total annual investment advisory fee paid by each client to Rochdale.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Description of Code of Ethics

The Investment Advisers Act of 1940 (“The Act”) imposes a fiduciary duty on investment advisers. As a fiduciary, Spectrum has a duty of utmost good faith to act solely in the best interests of our clients. Our clients entrust us with their money and financial future, which in turn places a high standard on our conduct and integrity.

Our fiduciary duty compels all employees to act with the utmost integrity in all of our dealings. This fiduciary duty is the core principle underlying the Code of Ethics (the “Code”) and Personal Trading Policy and represents the expected basis of all of our dealings with our clients.

The Code consists of the following core principles and applies to all employees within our firm:

- 1) The interests of clients will be placed ahead of the firm’s or any employee’s own investment interests.
- 2) Employees are expected to conduct their personal securities transactions in accordance with the firm’s Personal Trading Policy and will strive to avoid any actual or perceived conflict of interest with the client. Employees with questions regarding the appearance of a conflict with a client should consult with the Chief Compliance Officer before taking action that can result in an actual conflict.
- 3) Employees will not take inappropriate advantage of their position within the firm.
- 4) Employees are expected to act in the best interest of each of our clients.
- 5) Employees are expected to comply with federal securities laws. Strict adherence to these policies and other policies and procedures of the firm will assist the employee in complying with this important requirement.

As part of the required standards of conduct, supervised persons are not permitted, in any connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a client:

- a) To defraud such client in any manner;

- b) To mislead such client, including by making a statement that omits material facts;
- c) To engage in any act, practice or course of conduct which operates or would operate as a fraud or deceit upon such client;
- d) To engage in any manipulative practice with respect to such client; or
- e) To engage in any manipulative practice with respect to securities, including price manipulation.

As a fiduciary, we have an affirmative duty of care, loyalty, honesty, and good faith to act in the best interests of our clients. Compliance with this duty can be achieved by trying to avoid conflicts of interest and by fully disclosing all material facts concerning any conflict that does arise with respect to any client. Sanctions will be applied if it is determined that an employee violated the Code. A complete copy of our Code is available upon request either by sending a written request to our main address or calling us at (503) 697-1040.

B. Participation or Interest in Client Transactions

Spectrum employees have in the past and may in the future buy or sell securities for their own accounts that the firm buys or sells for its discretionary and non-discretionary client accounts. Spectrum understands that this could create a conflict of interest, where the employee's interest are at odds with the interest of Spectrum's clients. To mitigate the appearance of or actual conflict, Spectrum has internal controls in place to help ensure that our personnel comply with the Code of Ethics' provisions regarding personal trading at all times.

1. Cross Transactions

There are times when Spectrum causes a security to be traded between two clients (other than ERISA clients) where it believes such trade to be in the best interest of each client. We generally have such authority under the grant of investment discretion given to us by our clients. Spectrum's practice is to engage in internal cross trades in very limited circumstances where the purchase and sale of the same security at the same time by different clients helps to achieve more favorable terms to each client than separate transactions not involving a cross trade. Securities being sold are only purchased for another client when they are attractively priced and meet the purchasing client's objectives. Spectrum will usually obtain independent prices for these securities from broker-dealers. Cross trades between clients will normally be priced at the mid-point between the best bid and offer prices known to be available at the relevant size order. Spectrum does not receive commissions or any other compensation with respect to these transactions. However, clients will incur additional fees from brokers for cross trades, which will be reflected on the transaction confirmation sent by the broker.

2. Principal Transactions

Spectrum does not affect any principal securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client.

ITEM 12: BROKERAGE PRACTICES

A. Selection Criteria

Spectrum currently recommends that each managed account client use Fidelity Investment Institutional Brokerage Group (a brokerage unit of Fidelity Investments) ("Fidelity") as the custodian and broker of record for the client account. The services that Fidelity provides to Spectrum's clients are typically not available to retail investors. The services are provided by Fidelity so long as we maintain a minimum amount of our clients' assets with Fidelity. As part of these services, Fidelity does not charge custodial fees for an account as long as the account's transactions are placed with Fidelity for execution.

Fidelity charges a transaction fee per transaction for each account. All fees and charges are fully disclosed on the account statements sent by Fidelity to each client. Spectrum also receives certain benefits from Fidelity due to the relationship, which are described below.

Fidelity Custodian Arrangement

Spectrum has an arrangement with Fidelity through which Fidelity provides us with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Spectrum in conducting business and in serving the best interests of our clients but that benefit Spectrum. Spectrum is not affiliated with Fidelity. Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Spectrum to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity can be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity also makes available to Spectrum, at no additional charge to us, certain research and brokerage services. These research and brokerage services are used by Spectrum to manage accounts for which we have investment discretion. Spectrum also receives additional services, which include services that do not directly benefit our clients. As a result of receiving these services for no additional cost, Spectrum has an incentive to continue to use or expand the use of Fidelity's services, which creates a conflict of interest. Spectrum examined this conflict when it chose to enter into the relationship with Fidelity and determined that the relationship is in the best interests of our clients. As part of the custodian arrangement, a client may pay a commission/transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Spectrum determines in good faith that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received.

B. Best Execution

Through our Client Agreement, Spectrum has the discretion to place buy and sell orders with or through such brokers or dealers as it deems appropriate. Our general policy is to place client trades with the client's broker custodian (e.g., Fidelity) and we will continue to do so as long as we feel that the broker custodian is providing the best overall deal for the client ("best execution").

While we strive to achieve the best execution possible for client securities transactions, this does not require the Firm to solicit competitive bids and we do not have an obligation to seek the lowest available commission cost. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among other things, the value of any research provided, their execution capability, commission rates, and responsiveness.

Importantly, Spectrum is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (i.e., "soft dollars") provided by the broker, the cost of which are included in the commission rate.

As part of our best execution obligation, Spectrum will at least annually evaluate our trading process and the broker/custodian(s) utilized. Our evaluation will take into account the full range of brokerage and custodian services offered by the brokers/custodians, which can include, but is not limited to execution prices, commissions/transaction costs, research offered, the ability to aggregate trades, the firm's capital strength and stability, reliable and accurate communications and settlement processing, and use of automation. We also consider the benefits received by clients and those received by the Firm.

C. Directed Brokerage

Under limited circumstances, we allow a client to direct us to execute all or a portion of client transactions through a specific broker (aka "Directed Brokerage"). If that is the case, the client should understand that:

(1) Spectrum does not negotiate specific brokerage commission rates with the broker on client's behalf, or seek better execution services or prices from other broker/dealers and, as a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case;

(2) Transactions for that account generally will be effected independently unless we decide to purchase or sell the same security for several clients at approximately the same time (block trade), in which case we usually include such client's transaction with that of other clients for execution by the same broker. If transactions are not able to be traded as a block, we'd have to enter the transactions for the client's account after orders for other clients, with the result that market movements can work against the client; and

(3) Conflicts can arise between the client's interest in receiving best execution with respect to transactions effected for the account and Spectrum's interest in receiving future client referrals from the broker. Therefore, prior to directing Spectrum to use a specific broker-dealer, a client should consider whether, under that restriction, execution, clearance and settlement capabilities, commission expenses and whatever amount is allocated to custodian fees, if applicable, would be comparable to those otherwise obtainable. Clients should understand that he/she might not obtain commissions rates as low as it might otherwise obtain if Spectrum had discretion to select other broker-dealers.

All clients directed brokerage arrangements must be provided to us in writing by the client. A client must also notify us in writing if the client decides to terminate the directed brokerage arrangement.

Spectrum understands and acknowledges that at all times we owe a fiduciary duty to our managed account clients to continually seek best execution for their transactions. We believe that our relationship with Fidelity help us to execute securities transactions for clients in such a manner that the client's total cost in each transaction is as favorable as possible under prevailing market conditions. We periodically review and evaluate the execution and services received by our clients from Fidelity in an effort to help ensure the clients are receiving overall best execution given the circumstances.

D. Order Aggregation and Allocation

For our managed account clients, we regularly look for specific individual securities that can be an appropriate addition or deletion for multiple client portfolios. To the extent possible and upon our determination that it is in the best interests of our clients, we will aggregate the trades together and place a block trade in that security, to be allocated to the participating accounts by the end of the trading day at the average share price for all executed transactions of the clients in that security on that given day.

If the order is only partially filled, Spectrum will allocate the securities traded among participating clients proportionally unless the partial fill is not meaningful; then Spectrum will allocate in a manner which it considers equitable, taking into account, the size of the order placed, the client's cash position, investment objective of the account(s), size of the order and liquidity of the security.

E. Soft Dollar Considerations

Except for the indirect benefits that Spectrum receives from Fidelity, which may be deemed to fall outside the safe harbor of Section 28(e) of the Exchange Act ("Section 28(e)"), Spectrum's general policy is to comply with the provisions of Section 28(e) when entering into soft dollar arrangements. Section 28(e) generally allows investment advisers to use client commissions to pay for certain brokerage and research services under certain circumstances without breaching their fiduciary duties to clients. Therefore, in circumstances in which we feel that execution is comparable, we have in the past and may in the future place certain trades with a third-party broker that is providing brokerage and research services to us ("Research Broker").

Brokerage and research services provided by Research Brokers can include, among other things, effecting securities transactions and performing services incidental thereto (such as clearance, settlement and custody) and providing information regarding the economy, industries, sectors of securities, individual companies, statistical information, taxation; political developments, legal developments, technical market action, pricing and appraisal services, credit analyses; risk measurement analysis and performance analysis.

Such research services can be received in the form of written reports, telephone conversations, personal meetings with security analysts and/or individual company management and attending conferences. The research services provided by a Research Broker can be proprietary and/or provided by a third party (i.e. originates from a party independent from the broker providing the execution services).

In selecting a Research Broker, we will make a good faith determination that the amount of the commission charged is reasonable in relation to the value of the brokerage and research services received, viewed in terms of either the specific transactions or our overall responsibility to the accounts for which we exercise investment discretion.

Subject to Section 28(e), we can pay a Research Broker a brokerage commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of the brokerage and/or research services provided by the broker. This practice is commonly referred to as “soft dollars”. Spectrum believes it is imperative to our investment decision-making process to have access to this type of research and brokerage.

Research services provided by Research Brokers can be used by us in servicing any or all of our clients and can be used in connection with clients other than those making the payment of commissions to a Research Broker, as permitted by Section 28(e). In other words, there can be certain client accounts that benefit from the research services, which did not make the payment of commissions to the Research Broker providing the services.

The receipt of brokerage and research services from any broker executing transactions for our clients will not result in a reduction of our customary and normal research activities, and the value of such information is, in our view, indeterminable. Nevertheless, the receipt of such research can be deemed to be the receipt of an economic benefit by us, and although customary, is deemed to create a conflict of interest between Spectrum and our clients. Therefore, we feel it is important for clients to be aware of the issues surrounding “soft dollars”.

In cases when we receive both non-research (e.g. administrative or accounting services etc.) and research benefits from the services provided by the Research Brokers, we will make a good faith allocation between the non-research and research portion of the services received, and will pay “hard dollars” (i.e. Spectrum will pay from their own monies) for the non-research portion. In making a good faith allocation between research services and non-research services, a conflict of interest exists by reason of our allocation of the costs of such services and benefits between those that primarily benefit Spectrum and those that primarily benefit clients. We will always put the client’s interests first.

Spectrum currently does not have any third-party soft dollar arrangements in place.

ITEM 13: REVIEW OF ACCOUNTS

Managed accounts are reviewed on a continuous basis by the Firm's investment adviser representatives. The reviews are based upon and can be triggered by a variety of factors, which include but are not limited to: the economic environment, outlook for the securities markets and the merits of the securities in which the accounts are invested. In addition, a special review can be triggered by one or more of the following: 1) a change in the client's investment objectives, guidelines and/or financial situation, 2) change in strategy or diversification, 3) tax considerations, 4) cash added or withdrawn from the account, 5) purchase or sale of a security in the account, 6) a major change in the market, and/or 7) if requested by the client.

Spectrum meets periodically (generally quarterly) with each managed account client to discuss and review the account's performance and objectives and also performs an extensive annual review of the client's investment policy statement and objectives with each client.

All financial profiles and special analysis prepared are reviewed by a Spectrum Representative before being presented to a client. If appropriate, we will provide updates to client financial plans after any review meeting with a client. Updates may occur any time based on identified changes in clients' circumstances.

Spectrum will provide portfolio performance reports to clients quarterly or semi-annually. Frequency of the reports is the client's choice. Such reports will usually be prepared no later than 35 days after the end of each calendar quarter. Clients will also receive periodic reports (either monthly or quarterly) directly from their custodian. Clients are urged to compare custodial reports with those reports sent by Spectrum and other third parties.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Compensation for Client Referrals

Spectrum had in the past entered into an arrangement with Rochdale Investment Management ("Rochdale"), a non-affiliated investment adviser, to provide certain Spectrum clients with investment management services. Referrals to Rochdale were made based on the fact that Spectrum believed that the services provided by Rochdale were consistent with the referred client's investment objectives and financial circumstances. Currently, we are no longer recommending clients to Rochdale under this arrangement.

However, we still have clients that had entered into an agreement with Rochdale, so Rochdale is paying us an ongoing referral fee in an amount of up to 50% of the total annual investment advisory fee paid by each client to Rochdale.

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Currently, Spectrum does not have arrangements with, and does not pay, any unaffiliated solicitors. However, if a client is introduced to Spectrum by either an unaffiliated or an affiliated solicitor, the Firm will pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Spectrum's investment management fee and shall not result in any additional charge to the client.

Any affiliated solicitor of Spectrum shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Spectrum's Form ADV Part 2 or other written disclosure brochure(s) at the time of the solicitation. Since in some states, a solicitor is also required to be qualified and registered as an investment adviser representative, Spectrum has developed internal controls for ensuring its solicitors are registered as required.

B. Other Compensation

Spectrum recommends that managed account clients use Fidelity as their custodian and broker of record. While there is no direct linkage between the investment advice given to the client and Spectrum's participation in the Fidelity program, economic benefits are received by us which would not be received if we did not give investment advice to clients. These benefits do not depend on the amount of transactions directed by Spectrum to Fidelity.

These benefits include: A dedicated trading desk that services Fidelity participants exclusively, a dedicated service group and an account services manager dedicated to our clients' accounts, access to a real time order matching system, ability to "block" client trades, electronic download of trades, balances and positions in Fidelity's portfolio management software, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), availability of third party research and technology through 'soft dollar' arrangements, a quarterly newsletter, access to Fidelity mutual funds, and access to over 3,000 mutual funds not affiliated with Fidelity. It should be noted that all of these benefits are generally available today from a variety of large brokerage firms and clearing agents at no extra or special charge to Spectrum.

As outlined in Items 4, 5 and 10 above, certain Spectrum advisory representatives are also registered representatives of PKS and insurance agents for unaffiliated insurance companies and Spectrum's affiliate, Spectrum Insurance Services, LLC, and as such receive commissions and/or other compensation.

While Spectrum, its principals and advisory representatives endeavor at all times to put the interest of the clients first as part of Spectrum's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest and can affect the judgment of these individuals when making recommendations. Please refer to Items 4, 5 and 10 for further details.

ITEM 15: CUSTODY

Pursuant to Rule 206(4)-2 of the Advisers Act, Spectrum is deemed to have “constructive custody” of client funds because the Firm has the authority and ability to debit its fees directly from the accounts of those clients receiving our investment management services.

Additionally, certain clients have, and can in the future, sign a Standing Letter of Authorization (SLOA) that gives Spectrum the authority to transfer funds to a third-party as directed by the client in the SLOA. This is also deemed to give the Firm custody. Custody is defined as any legal or actual ability by the Firm to withdraw client funds or securities. Firms with deemed custody must take the following steps:

1. Ensure clients’ managed assets are maintained by a qualified custodian;
2. Have a reasonable belief, after due inquiry, that the qualified custodian will deliver an account statement directly to the client at least quarterly;
3. Confirm that account statements from the custodian contain all transactions that took place in the client’s account during the period covered and reflect the deduction of advisory fees; and
4. Obtain a surprise audit by an independent accountant on the clients’ accounts for which the advisory firm is deemed to have custody.

However, the rules governing the direct debit of client fees and SLOAs exempts Spectrum from the surprise audit rules if certain conditions (in addition to steps 1 through 3 above) are met. Those conditions are as follows:

1. When debiting fees from client accounts, Spectrum must receive written authorization from clients permitting advisory fees to be deducted from the client’s account.
2. In the case of SLOAs, Spectrum must: (i) confirm that the name and address of the third party is included in the SLOA, (ii) document that the third-party receiving the transfer is not related to the Firm, and (ii) ensure that certain requirements are being performed by the qualified custodian.

When exercising our discretionary authority, we can only implement our investment management recommendations after the client has arranged for and furnished us with all information and authorization regarding his/her accounts held at the designated qualified custodian.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to the statements provided by Spectrum and other third parties. Spectrum’s statements will vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to Items 10 and 12 for additional important disclosure information relating to Spectrum’s practices and relationships with custodians.

ITEM 16: INVESTMENT DISCRETION

Spectrum has discretionary authority over clients' managed account assets to determine, without first obtaining client's permission for each transaction: (1) the type of securities to be bought and sold, (2) the dollar amounts of the securities to be bought and sold, (3) whether a client's transaction should be combined with those of other clients and traded as a "block", and (4) in some cases the brokers to use and the commission rates and/or transactions costs paid to effect the transactions. Client agrees to this upon execution of the Client Agreement.

For clients that are receiving financial planning services on a non-discretionary basis, we will make recommendations to the client regarding the purchase or sale of securities or other assets that we consider to be in the best interest of the client. The client has full discretion to accept or reject our recommendations and is responsible for implementing any accepted recommendations with any broker-dealer the client chooses.

As noted in Item 4, clients generally are allowed to impose reasonable restrictions on the types of securities, companies and/or industries they do not want to be included in their account. Once this information is gathered, each client is responsible for informing us in writing of any changes to these restrictions or to their overall investment objectives. Spectrum does not assume any responsibility for the accuracy of the information provided directly by our clients.

ITEM 17: VOTING CLIENT SECURITIES

In cases where Spectrum is responsible to vote proxies on securities held in a client's account, we have adopted policies and procedures in an effort to ensure that all votes are cast in the best interests of our clients and that the proper documentation is maintained relating to how the proxies were voted. These policies and procedures are summarized as follows:

Spectrum utilizes the service of a non-affiliated third-party proxy voting vendor ("Proxy Vendor") to vote proxies on behalf of the Firm and our clients. Spectrum has adopted pre-determined proxy voting guidelines (the "Guidelines") to make every effort to ensure the manner in which shares are voted is in the best interest of clients and the value of the investment. In addition, our policy allows us to vote a proxy contrary to our Guidelines if we determine that such action is in the best interests of clients.

In cases where sole proxy voting authority rests with Spectrum for plans governed by ERISA, proxies for such accounts will be voted in accordance with the Guidelines unless outlined otherwise in the plan's governing documents and subject to the fiduciary responsibility standards of ERISA.

If at any time, Spectrum or the Proxy Vendor becomes aware of any type of potential or actual conflict of interest relating to a proxy proposal, such potential or actual conflict will be promptly reported to the Chief Compliance Officer and Director of Financial Services. Conflicts will be handled in a number of ways depending on the type and materiality. The method selected by us will depend upon the facts and circumstances of each situation and the requirements of applicable laws and will always be handled in the client(s) best interest.

Our policy also allows us to choose not to vote proxies in certain situations or for certain accounts. For example, where a client has retained the right to vote the proxies or where a proxy is received for a client account that has been terminated. Also, we may be unable to vote proxies for any client account that participates in a securities lending program.

A complete copy of our current Proxy Voting Policies & Procedures is available upon request. Clients can obtain information on how their proxies were voted by contacting Spectrum at the principal office and place of business indicated on the cover page of this form. Please provide your name, account number, and security for which you are making the request.

ITEM 18: FINANCIAL INFORMATION

Spectrum does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. Spectrum does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.