



## **ACG Wealth Firm Brochure**

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February 15, 2019

### **Cover Page**

This brochure provides information about the qualifications and business practices of ACG Wealth, Inc. (“**ACG**”), a registered investment adviser. Registration does not imply a certain level of skill or training but only indicates that ACG has registered its business with state and federal regulatory authorities, including the United States Securities and Exchange Commission. The oral and written communications of an investment adviser provide clients and prospective clients with information with which they can decide whether to hire or retain an adviser. We encourage you to review this brochure carefully prior to becoming a client, and if you are already a client, to review all future updates or notices of changes to this brochure as they occur. If you have any questions about the contents of this Brochure, please contact us at [compliance@acgwealth.com](mailto:compliance@acgwealth.com) or at (866) 893-4103. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about ACG is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



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## Summary of Material Changes

This disclosure brochure dated February 15, 2019 serves as a replacement to all previous brochures, including our last annual update filed on March 29, 2018. This document is officially known as “Form ADV Part 2A”, but is commonly referred to as a “Brochure”. This brochure is prepared according to SEC rules. This letter summarizes material changes that have been made to the brochure since our last annual updating amendment.

Within 120 days of the close of ACG’s fiscal year (December 31<sup>st</sup>), we will deliver either:

1. a copy of a current brochure that includes or is accompanied by the summary of material changes, or
2. a summary of material changes that includes an offer to provide a copy of the current brochure.

We may also provide other ongoing disclosure information throughout the year about material and non-material changes. Some of the updates we provide you may not be included in a brochure, but rather may be in letters, notices, reports, emails or other forms of correspondence. You may obtain a copy of our brochure at any time without charge. Our full brochure, which includes detailed information on the changes summarized below and your advisor’s personalized disclosure supplement, may be requested by contacting your advisor or our Compliance Department at 866-893-4103 or [compliance@acgwealth.com](mailto:compliance@acgwealth.com).

As part of our commitment to providing the best possible service, we ask that if you are an existing client you notify your investment adviser representative if there have been any changes to your financial situation or your investment objectives, or if you would like to place or modify any reasonable restrictions on the management of your account.

Due to extensive updates to this brochure, we suggest that all of our clients request and review the brochure, in its entirety, upon receipt. We also encourage our clients to direct any questions they possess regarding this brochure to the Compliance Department at the contact info provided above.

[acgwealth.com](http://acgwealth.com)

Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Our full Brochure provides information about the qualifications and business practices of ACG Wealth, Inc. The information in the communication has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.

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## **Advisory Business**

### **About the Firm**

ACG Wealth Inc. ("ACG") was established in 2009 and approved as a Registered Investment Adviser by the U.S. Securities & Exchange Commission ("SEC") in June of 2009. ACG is a privately held company headquartered in Atlanta, Georgia. Jeffrey T. Shaver, David Millican and Joseph Young are co-founders, Principals and Managing Partners with 33.33% ownership each.

### **Advisory Services Offered**

As fully described below, ACG offers the following types of advisory services to its investment advisory clients:

1. **Wealth and Portfolio Management Services**
2. **Advisory Managed Account Solutions**
3. **Financial Planning and Consulting Services**
4. **Plan Sponsor and Plan Participant Services**

### **Wealth and Portfolio Management Services**

ACG uses a variety of proprietary models to determine the appropriate mix of investments for its Clients based upon the investment profile information provided by the Client. ACG segregates its investment decisions into model portfolios, each containing a different mix of investments appropriate for different types of Clients. The models are managed on a periodic basis by, for example, rotating assets in and out of various asset classes based on our perception of the risks and rewards of investing in different sectors of the market, along with the clients perceived risk tolerance profile. Our investment committee meets periodically to discuss current market conditions, portfolio positions and to make new investment decisions.

Our investment philosophy is driven by time in the market versus timing the market. That is, we seek to meet a client's objectives through a consistency of return through risk controls driven by a research intensive process. We consider all asset classes and geographies when creating an appropriate asset allocation. We utilize a blend of top down macroeconomic analysis and bottom up fundamental analysis. Our portfolio construction process is defined by a) strategic ranges to asset classes which are required to achieve risk/return parameters of our various strategies and b) smaller tactical ranges where we can be more opportunistic based on our analysis.

Each account is invested in a model portfolio or a combination of model portfolios designed by ACG that ACG determines is consistent with the Client's investment objectives and risk tolerances. ACG creates an investment plan (the "**Investment Plan**") and manages a client's Account by seeking to identify: 1) the optimal asset classes in which to invest, 2) the most efficient mutual funds, exchange traded funds ("ETFs") or other investments to represent each of those asset classes, 3) the ideal mix of asset classes based on the client's specific risk tolerance, and 4) the most appropriate time to rebalance the client's portfolio to maintain intended risk tolerance and optimal return for the client's risk level. Furthermore, under the terms of the agreement with the client, the Advisor will:

- Report and review investment results from time to time. Reviews may include client's performance in light of identified needs and objectives. They will be conducted on a continuous or periodic basis, as agreed upon by the client and in the Agreement with the client.
- Recommend changes in the client's investments, investment strategy or objectives. Recommendations may be given in connection with the review of the client's current investments or the client's financial needs or objectives as identified by the client.
- Establish the investor's risk profile, investment objectives and time horizon through personal discussions with the client.
- Rebalance the investor portfolio as deemed necessary by the Advisor.
- Report the current status of client holdings on a periodic basis.
- Set a relevant asset allocation policy for the investor.
- Diversify among asset classes and styles.

Each client has the ability to impose reasonable restrictions on the management of his/her account, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. If a client's instructions are unreasonable or an Investment Advisor Representative believes that the instructions are inappropriate for the client, ACG will notify the client of their conclusion and document any further requests. A client will not be

able to provide instructions that prohibit or restrict the Investment Adviser of an open-end or closed-end mutual fund or ETF with respect to the purchase or sale of specific securities or types of securities within the fund.

### ***Advisory Managed Account Solutions***

Arkadios Capital, LLC (“Arkadios Capital”) as a fully disclosed Introducing Broker Dealer, provides ACG direct access to various account structures available through National Financial Services, LLC (“NFS”). NFS, as the custodian holding the account, provides custody, transaction and banking services. See the section titled: “*Other Financial Industry Activities and Affiliations*” for more information about Arkadios Capital, a broker-dealer affiliated with ACG through common control and ownership.

To provide its advisory services and tailor its investment decisions to each Client’s specific needs, ACG collects information from each Client, including specific information about their investing profile such as financial situation, investment experience, and investment objectives. ACG maintains this information in strict confidence subject to its Privacy Policy, which is included in this brochure. When customizing its investment solutions, ACG relies upon the information received from clients. Clients must promptly notify ACG of any change in their financial situation or investment objectives that might require a review or revision of their portfolio.

Most accounts are managed on a discretionary basis, meaning that the advisor has discretion over what securities to buy and sell. However, clients may elect to have their account managed on a non-discretionary basis, meaning that the client must consent to each trade in the account. This trading discretion and any limitations on it will be set forth in the client agreement. The services provided are the same regardless of the account structure selected. Depending on the client’s investment objectives, the advisor may manage and provide advice on mutual funds, stocks, bonds, exchange traded funds (ETFs), LPs, and options.

Advisory Managed Account Solutions accounts are offered through *Peak*, a wrap fee program and *Crest*, a non-wrap fee program. In a Crest account, clients pay an advisory fee plus additional transaction based charges (see section titled: “*Fees and Compensation*” for more information on fees). In a Peak account, the client pays a single fee that covers the advisory services and the execution of transactions through NFS. Clients that anticipate trading primarily in equities and ETFs are typically recommended to open a wrap fee account; clients that anticipate trading in mutual funds with little or no anticipated trading in equities and ETFs will be recommended to open a non-wrap fee account. More information regarding the services and fees of the Peak accounts are separately disclosed in the Peak Wrap Fee Brochure, which is available upon request.

ACG Wealth also offers other wrap fee programs under our Wealth and Portfolio Management Services. In these wrap fee programs ACG Wealth is compensated for its advisory services by charging a ‘wrap’ fee based on the market value of a Client’s Account. Under a wrap program the client pays a single fee that covers the investment advice provided by ACG Wealth and the execution of transactions by the Custodian or broker-dealer. Clients should understand that a wrap fee may cost the client more than purchasing the program services separately, for example, paying fees for the advisory services of the program plus transaction charges for each transaction in the account. Conversely, clients should understand that ACG and its advisors may receive a greater or lesser portion of the wrap fee for its advisory services in a wrap program. For example, for a stated advisory fee, ACG will receive a greater portion of the advisory fee in a non-wrap account than a wrap account if the *same* fee percentage is charged for both account types with similar trading frequency. Generally, factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include:

- account size
- anticipated trading frequency
- anticipated securities to be traded
- investment management style
- long term investment goals
- client’s preference for a singular “wrap” fee for transactions versus transaction charges per each trade
- number and range of supplementary services provided to the client

Furthermore, in wrap fee programs, transaction or ticket charges are paid by ACG. Because of this practice clients should be aware that an Advisor may have an incentive to limit trading activities in client accounts. Alternatively, instead of being charged a transaction charge, ACG may be charged a flat basis point fee (asset-based fee) by our Custodians to cover transactions executed annually in an account. If ACG pays this charge or any other administrative fees, the Advisor may take those charges into account when the Advisor and the Client negotiate the asset-based advisory fee. An account in which

there are no transaction charges may cost more or less than a Client would pay if investment advice, brokerage and other services were purchased separately. An arrangement with asset-based wrap fees typically assumes a normal amount of trading activity and under particular circumstances. Prolonged periods of account inactivity may result in higher compensation to Arkadios Capital than if transaction charges were paid separately by Clients for each transaction. In negotiating asset-based fees and transaction charges, investment adviser representatives will discuss with Clients the impact of the size of their account and consider the likely turnover of the account based on the proposed strategy of the account. You may obtain a copy of the ACG Wealth “Wrap” Program brochures at any time without charge by contacting us at the number listed on the cover page.

### ***Financial Planning and Consulting Services***

ACG provides clients financial planning services, clients who choose this service generally receive a written financial plan which provides the client with a detailed financial plan designed to help achieve their stated financial goals and objectives. This financial plan is provided after gathering information from and about the client through personal interview and other means. The information gathered includes data on the client’s current financial status, future goals, and attitudes toward risk. Should the client choose to implement the ideas contained in the plan, the client is advised to work closely with their accountant, attorney, insurance agent and/or other advisors to put the plan into practice after it is considered. The financial plan may address some or all of the following areas:

- Business & Wealth Planning
- Insurance and Estate Planning
- Tax Considerations & Cash Flow
- Investment Analysis and Planning
- Death and Disability
- Capital Need Analysis
- Retirement Planning
- Education Planning

Clients are under no obligation to act on ACG’s recommendations. If a client does elect to act on any or all of the recommendations, the client is under no obligation to effect any transactions through ACG including any affiliate of ACG. Clients always have the option to purchase investment products that ACG recommends through other investment advisers, brokers or agents that are not affiliated with ACG. However, if a client chooses to use ACG or an affiliate to implement any recommendations made in the financial plan, the client will usually incur additional fees or costs in connection with the implementation of the plan, as those activities are separate and distinct from the financial planning services. See the section titled: “*Other Financial Industry Activities and Affiliations*” for more information about our affiliates.

### ***Plan Sponsor and Plan Participant Services***

ACG offers consulting and advisory services for employer-sponsored retirement plans that are designed to assist plan sponsors of employee benefit plans (“Sponsors”). ACG may also assist Sponsors with enrollment and/or providing investment education to plan participants and/or plan beneficiaries. ACG provides these Plan Sponsor and Plan Participant services (“Retirement Plan Services”) through our advisors and may charge a fee for the Retirement Plan Services, as described in the section below “Fees and Compensation” and our Client Agreements (“Agreement”).

Retirement Plan Services are either ERISA Fiduciary Services or ERISA Non-fiduciary Services. ERISA Non-fiduciary Services may be performed only so that they would not be considered fiduciary services under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). When delivering ERISA Fiduciary Services, ACG will perform those services to the plan as a fiduciary under ERISA Section 3(21)(A)(ii) and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. When providing any ERISA Fiduciary Services, ACG will solely be making recommendations to the Sponsor and the Sponsor retains full discretionary authority or control over assets of the plan.

Sponsors may engage ACG to perform Retirement Plan Services that take into account plan design, plan objectives, investment objectives, investment risk tolerance, demographics about plan participants, and information about third-party service providers. ACG will provide Sponsors a copy of this Form ADV Part 2 and the Agreement for review. The Agreement describes the terms of the arrangement between ACG and the Sponsor, including a description of the Retirement Plan

Services and the fees to be charged by ACG. By signing the Agreement, the Sponsor represents that Sponsor has received sufficient information and determined that the Retirement Plan Services selected are: (i) necessary for the operation of the plan and (ii) reasonable and appropriate based upon the compensation to be paid for the Retirement Plan Services. Sponsor must sign and submit the Agreement to ACG before ACG performs any Retirement Plan Services.

ACG also partners with plan recordkeepers that allow an account to be opened directly at one of our custodians. Participants will be placed in one of several investment allocation models created and maintained by ACG, after clients provides specific information about their investing profile such as financial situation, investment experience, and investment objectives. Participants will have the ability to request restrictions on the types of investments to be held in their accounts. Participant accounts will be charged a fee as described below in the section titled: “*Fees and Compensation*”.

### **Assets Under Management**

As of February 1, 2019, ACG held \$1,187,700,000 in regulatory assets under management on a discretionary basis and \$8,577,000 on a non-discretionary basis for a total of \$1,196,277,000 in regulatory assets under management.

### **Fees and Compensation**

#### **Advisory Fees**

ACG is compensated for its advisory services by charging a fee (the “**Advisory Fee**”) based on the on the market value of a Client’s Account. The specific manner in which fees are charged by ACG is established in a client’s Account Agreement. Fees are based on the assets in the account per the fee schedule and in some instances, may be negotiated. The Management Fee compensates the Adviser and its representatives for the asset management services, investment advice and recommendations provided. The value of the assets will be based on information provided by the custodian of the assets, the client or other third party, as applicable. ACG does not independently verify this information nor does ACG guarantee the accuracy or validity of such information. ACG may reduce or waive the Advisory Fee for some or all Client Accounts for any period of time determined solely by ACG. Clients may pay ACG more or less than they might otherwise pay if the same services were purchased through one or more other service providers or investment advisers.

#### **Advisory Managed Account Solutions**

The Crest account is a non-“wrap fee” account. A portion of the advisory fees will be paid to Arkadios Capital for brokerage services provided as described in the Agreement. These brokerage service fees are generally lower than the service fees paid in connection with the Peak Account. The Crest account is potentially suitable for smaller accounts or in accounts which the advisor anticipates primarily investing in mutual funds. Crest accounts are custodied with NFS. The basic asset based fee schedule for the Crest Account is as follows:

<u>Account Balances</u>	<u>Annual Fee</u>
\$0 - \$500,000	1.50%
\$500,001 - \$2,500,000	1.25%
\$2,500,001 - \$4,000,000	1.00%
\$4,000,001+	0.75%

Existing clients should note they may fall outside the ranges listed above as the basic fee schedule doesn’t take into account each client’s unique needs and the level of services provided. Further, the client specific fees may be based on a different fee schedule and will be charged as stated in their advisory agreement.

In place of the fee schedule above, Crest account Clients will be charged a *minimum* fee of \$10.42 monthly, this fee is not in addition to the asset-based fee schedule but the minimum that a client will be charged. Arkadios Capital, with instructions from ACG and through NFS, will deduct from the account the minimum service fee, this fee can be verified on the client statement. The Crest account also has an early termination fee. If the account is closed after five business days, but within the first year, the Client agrees to pay an early termination fee to cover the administrative costs of establishing the account. The fee will be based on the number of trades placed on behalf of the account the quarter in which the account is closed. If the account is closed during the first quarter, the termination fee will be \$25 multiplied by the number of transactions in the account. If the account is closed during the second quarter, the termination fee will be \$20 multiplied by the number of transactions in the account. If the account is closed during the third quarter, the termination fee will be \$15 multiplied by the number of transactions in the account. If the account is closed in the fourth quarter, the termination fee will be \$10 multiplied by the

number of transactions in the account. A termination fee will not be charged if this is an ERISA account or no services were rendered or no trades were placed.

In addition to the advisory fee, Crest accounts will be assessed transaction charges for trades other than mutual fund trades, such as equities, ETF's or bonds. These transaction charges may be higher or lower than transaction charges or commissions charged by other broker-dealers. When appropriate, the Advisor will recommend the purchase or sale of non-mutual fund securities and the client will pay a transaction fee for those trades. However, mutual funds within this program pay 12(b)-1 service fees (normally 0.25% per year) to NFS. Because Arkadios Capital acts as the Introducing Broker to NFS, those "indirect" service fees are passed on to Arkadios Capital. This creates an incentive to recommend investment products based on the compensation received rather than on a client's needs. Clients have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with ACG. Indirect fees received from mutual funds are considered and anticipated when net fees are set.

These transaction charges have been established to compensate and reimburse Arkadios Capital for its brokerage services and expenses in executing transactions in program accounts. The transaction charges are negotiated with Arkadios Capital in conjunction with NFS and may be higher than transaction charges or commissions that a client might pay if the transactions were executed at another broker-dealer. Arkadios Capital and NFS each receive a portion of the transaction fees paid by clients. Although transaction charges may be identified as commissions on trade confirmations, the advisor does not receive any portion of these charges. More details about these fees and charges are discussed in this Brochure and in the client advisory agreement.

Crest accounts are billed monthly in advance and automatically deducted from the account pursuant to the advisory agreement and not billed separately to clients. Upon termination of an account, any prepaid, asset-based fees will be prorated according to the days the account was opened during the calendar quarter and excess fees will be rebated to the client. In addition, all custodial termination and transfer fees, if any, assessed by NFS will be the responsibility of the client.

The Advisory Managed Account Solutions account is also offered in a wrap fee program ("Peak"). *The Peak account is more fully described in the Peak Wrap Fee Program Brochure, which may be obtained by calling our main office number listed on the front of this Brochure.* The Peak account is potentially suitable for accounts in which the advisor anticipates primarily investing in stocks/ETFs, and/or for clients that do not wish to pay transaction charges for trades. Peak accounts are also custodied with NFS.

### **Wealth and Portfolio Management Services**

Wealth management accounts are generally custodied at Schwab, Fidelity, or TD Ameritrade. Wealth Management accounts will be charged a negotiable rate based on the fee schedule below:

The basic asset based fee schedule for the Wealth Management accounts is as follows:

<u>Account Balances</u>	<u>Annual Fee</u>
\$0 - \$500,000	1.50%
\$500,001 - \$2,500,000	1.25%
\$2,500,001 - \$4,000,000	1.00%
\$4,000,001+	0.75%

Existing clients should note they may fall outside the ranges listed above as the basic fee schedule does not take into account unique considerations the advisor may take into account when setting the advisory fee. These considerations may be based on the size and type of account, complexity, range of ancillary services utilized, etc. The client's specific fee may be based on a different fee schedule and will be charged as stated in their advisory agreement.

All advisory contracts will specify how fees are to be billed. The fee rate may be calculated as a flat annual fee rate, a tiered rate schedule, or a breakpoint schedule. A linear or flat fee rate is a flat fee percentage applied to all billable assets. In a tiered fee rate schedule, the household, portfolio or account value is charged the corresponding fee percentage within each range. When a breakpoint fee rate is selected, the entire household, portfolio or account value is charged at the rate that corresponds to the asset value range in which billable asset values fall. Generally, fees are paid in advance and the initial fee payment is due in full on the date the client's account is accepted and opened by the firm and will be based on the asset value of the account on that date. Fees will not be adjusted or pro-rated for additions to or withdrawals from the account during the calendar quarter, other than a complete withdrawal in connection with a termination of the Account Agreement. If a Client



closes the Account, withdraws the entire balance of the Account, or otherwise terminates the Account Agreement on any date other than the last business day of a quarter, ACG shall refund any Advisory Fees on a pro rata basis based on the number of days in the quarter and the number of days remaining between the effective date of the termination and the end of the quarter. Generally, fees for accounts with margin are billed net of the margin debt held in the account. Other investment advisors that offer programs that charge similar fees may not charge separately for brokerage and transaction costs.

Advisory fees are automatically deducted from the Account pursuant to the Account Agreement and not billed separately to Clients. Clients must maintain or deposit sufficient funds in the account to cover payment of all fees authorized by the contract, and either ACG or clearing firm, and/or custodian will debit the account balances or redeem money market fund shares in the amount equal to the fee that is due. If there are not sufficient funds to cover the fees, then ACG is authorized to liquidate assets in the Account to cover fees.

ACG reserves the right to increase the Advisory Fee at any time, provided that any increase in the Advisory Fee will be effective for the Account starting in the next quarter that begins at least thirty (30) days after ACG notifies Client of the increase. ACG reserves the right, in its sole and absolute discretion, to reduce or waive the Advisory Fee for certain Client accounts for any period of time determined by ACG. In addition, Client agrees that ACG may waive its fees for the accounts of clients other than Client, without notice to Client and without waiving its fees for Client. In exercise of its sole and absolute discretion ACG may amend or terminate any reduction or waiver of the Advisory Fee. ACG will promptly notify Client of any increase or decrease in the reduction or waiver of the Advisory Fee. A change in the waiver or reduction of the Advisory Fee will be effective for the Account starting in the next quarter that begins at least thirty (30) days after ACG notifies Client of such change. In addition to the Advisory Fee, Accounts will be assessed transaction charges by the chosen Custodian for mutual fund, equities, ETF's or bond trades. These transaction charges may be higher or lower than transaction charges or commissions charged by other broker-dealers. ACG does not receive a portion of the of the transaction charges paid by clients.

ACG will "household" multiple Client Accounts together within the Investment Management agreement at the Client or advisor's request for fee calculation purposes only. This practice is designed to allow clients the benefit of an increased asset total, which could potentially cause the account to be, assessed a reduced advisory fee based on the household asset-based fee schedule. Accounts opened at a later date may be added for householding purposes. Client understands that they are responsible for notifying ACG of which Account(s) Client would like to household under this agreement for fee billing purposes.

### ***Financial Planning and Consulting Services***

Unlike other programs, where fees are based on the value of the assets in the account, financial planning and consulting clients are charged a fixed rate. Depending upon the scope of the engagement and specific requests by the client, the firm may charge on an initial fee at an hourly rate of \$175 – \$500 per hour. The actual fee is established after the initial concept or fact finding meeting. After the initial financial plan is delivered, and should the client wish to engage ACG to monitor the implemented plan, ACG offers financial consulting for a quarterly fixed fee. The actual fee is negotiable and depends on the nature and complexity of the financial consulting agreed upon and will be detailed in the client agreement. The quarterly fee is due at the time of the engagement and quarterly in advance of services thereafter. The fee covers only the financial planning and consulting services provided by ACG under the financial planning contract. In addition, clients who choose to implement any recommendations contained in the financial plan or in the consulting arrangement through ACG's other advisory programs discussed in the section titled: "Advisory Business", will incur additional advisory fees, costs and charges as further discussed in the Brochure.

This program will allow for a strategic action plan to be developed and implemented as well as address the specific areas requested or identified by the client. If the client initiates termination of the account, the client will be refunded a portion of the fee based upon a pro-rated calculation related to the time and expense expended by the firm. In additions, should a client be dissatisfied with the services rendered, ACG will refund part or all of the fees paid, at management's sole discretion.

### ***Plan Sponsor and Plan Participant Services***

In exchange for the services provided to plan sponsors and participants, ACG will charge an annual fee of up to 0.75% based on the value of the Plan assets. The fee is paid at the end of each month or each quarter in arrears. Plan Sponsors may terminate their agreements at any time upon thirty days' written notice. If the Plan Sponsor services are terminated during any period except on the last business day of a quarterly period, the fee will be assessed pro rata based on the number of days that services were provided. If the fee is to be paid out of Plan assets, the Plan Sponsor generally authorizes the Plan record keeper to calculate and instruct the custodian to deduct the fee from the Plan assets and pay it to ACG; otherwise ACG will send the Plan Sponsor an invoice and payment of which is generally due in full within ten business days.

The fees paid for plan sponsor and participant services described above cover only the services provided by ACG under the agreement with the Plan Sponsor. The Plan Sponsor and/or participants will also pay separate fees for custody, third-party administrative services, and for trustee or other third-party services. In addition, each mutual fund or exchange-traded fund (ETF) in which a client may invest also bears its own investment advisory fees and other expenses. Fund transactions may also be subject to applicable commissions and/or transaction charged by the platform chosen by the Plan Sponsors. In addition, ACG may provide investment advisory services that are participant specific. The scope of these advisory services and the fees associated will be disclosed in an agreement between those participants and ACG and will not have bearing on any Plan agreements outlined above.

The value of the assets will be based on information provided by the third-party administrator of the plan or the plan's custodian. ACG does not independently verify this information nor does ACG guarantee the accuracy or validity of such information. The third-party administrator will generally calculate the fee owed to ACG and debit the applicable plan accounts. Sponsors receiving Plan services may pay more or less than a client might otherwise pay if purchased through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the plan, the specific investments made by the plan and the number of locations of participants. Accordingly, the client should review both the fees charged by the funds, the plan's other service providers and the fees charged by ACG to fully understand the total amount of fees to be paid by the Plan and to evaluate the Plan Services being provided.

#### **Other Account Fees**

The Advisory Fee also does not cover fees and charges in connection with: debit balances; margin interest; odd-lot differentials; IRA fees; transfer taxes; exchange fees; wire transfers; extensions; non-sufficient funds; mailgrams; legal transfers; bank wires; postage; costs associated with exchanging foreign currencies; and SEC fees or other fees or taxes required by law. Certain securities, such as over-the-counter stocks are traded primarily in "dealer" markets. In such markets, securities are directly purchased from, or sold to, a financial institution acting as a dealer or market-maker. Broker-Dealers (including Arkadios Capital) executing principal trades typically include a "mark-up", "mark-down", and/or spread in the net price at which transactions are executed. Trading on margin for client's accounts could result in a higher portfolio turnover ratio. Additionally, the use of margin results in interest charges as well as all other fees and expenses associated with the security or account involved.

The issuers of some of the securities or products we purchase for Clients, such as mutual funds, ETFs or other similar financial products, may charge product fees that affect Clients, including contingent deferred sales loads, 12(b)-1 and other distribution fees. ACG does not charge these fees to Clients and does not benefit directly or indirectly from any such fees. An ETF or mutual fund typically includes embedded fees and expenses that will reduce the ETF's or mutual fund's net asset value, and therefore directly affect the ETF or mutual fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Such mutual fund or ETF expenses may include management fees, custodian fees, brokerage commissions, and legal and accounting fees. Mutual fund or ETF fees and expenses may change from time to time at the sole discretion of the issuer. The fees charged by such funds or managers are disclosed in each fund's prospectus. Mutual funds, ETFs and other securities available through this Program are also available directly pursuant to the terms of their prospectuses and subject to applicable commissions or transaction charges without paying the Advisory Fee. Further, to the extent that cash used for investment comes from redemptions of a client's mutual fund or other investments outside of the Program, there may be tax consequences or additional cost from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to the Advisory Fee. Certain mutual funds used in the Program may charge a redemption fee if shares are redeemed within a specified period of time. Clients may incur redemption fees in the event that a sell order is executed or model update is implemented. Redemption fees vary by fund and are described in each fund's prospectus. Please see the section titled: "*Brokerage Practices*" for additional information on mutual fund share classes.

Although ACG believes its fees are reasonable in light of the services provided, clients should be aware that such fees may be more or less than the fees and commissions associated with investment advisory and brokerage services purchased separately. The comparison is dependent upon a number of factors, including the frequency of brokerage activity in the client's account, the size of the account under management, and any negotiated fee arrangements with respect to the account. An investor should consider these factors prior to opening an advisory account with ACG. Transaction fees charged may be higher than those otherwise available if the services were provided separately for a discrete fee or if an Investment Advisor were to select brokerage and negotiate commissions in the absence of the extra consulting service provided. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting, and brokerage services may not be available separately or may require multiple accounts, documentation, and fees. Other investment advisors may offer programs that charge similar fees may not charge separately for brokerage and

transaction costs. All fees described herein are subject to negotiation depending on a range of factors including, but not limited to, account size and overall range of services requested.

### **Account Termination**

Either the Client or ACG can terminate an Account Agreement at any time by sending written notice to the other party, which will be deemed to be effective the day that it is received by the other party. A full refund of any Advisory Fees charged to the Client will be provided if the Client terminates the Account Agreement within five (5) business days of the date it is executed by all parties, provided that any expenses, losses or charges, other than the Advisory Fee, properly chargeable to the Account shall be borne by the Account and Client. For the purposes of this provision, a contract is considered entered into when all parties to the Account Agreement have signed it. If the Account Agreement is terminated, whether by Client or ACG, ACG shall thereafter perform no functions whatsoever with respect to the managing of the Account, any further management of the Account shall be the sole responsibility of Client, and ACG shall not be responsible for the performance of any security in the Account or the costs or consequences of liquidation of any securities in the Account. In addition, all custodial termination and transfer fees, if any, assessed by the Custodian will be the responsibility of Client.

If the client instructs ACG to terminate their advisory contract and liquidate their account, ACG will proceed with liquidation of the account in an orderly and efficient manner. There will not be a charge by ACG for such redemption; however, certain mutual funds impose redemption fees as stated in each company's fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate securities including mutual funds may result in tax consequences that should be discussed with the client's tax advisor. Factors that can affect orderly and efficient markets would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities markets be unavailable and trading suspended, efforts to trade will resume as soon as possible, following their reopening. Due to the administrative processing time needed to terminate client's investment advisory service and communicate the instructions to client's Advisor, termination orders received from clients, which are not market orders, may take several business days under normal market conditions to process. During this time, the client's account is subject to market risk. ACG and its advisors are not responsible for market fluctuations of the client's account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

### **Other Capacities**

Most ACG Wealth's investment adviser representatives ("Advisors") are also registered broker-dealer representatives ("Registered Representatives") of an affiliate, Arkadios Capital LLC ("Arkadios"). As Registered Representatives of Arkadios, Arkadios may share a portion of payments received from a mutual fund or in connection with an initial public offering, a secondary offering, and/or a private placement with these Advisors only when acting as broker-dealer Registered Representatives. When acting in these separate capacities, these Advisors may also receive compensation, such as 12(b)-1 or services fees, in connection with the sale of funds. Therefore, the Advisor has an incentive to recommend implementing recommendations made through Arkadios. This conflict of interest is heightened when the Advisor recommends securities where Arkadios is a member of the selling syndicate because the Advisor receives more compensation in connection with these securities than in connection with other types of securities. Clients have the option to purchase investment products that ACG Wealth recommends through other investment advisers, brokers or agents that are not affiliated with ACG Wealth or Arkadios. Similarly, if the client decides to implement a portion of the recommendations through a brokerage account at Arkadios, the client will pay commissions to Arkadios and NFS for the brokerage account and separately, fees to ACG Wealth for the advisory account. The fee that a client pays to ACG Wealth will not be reduced if fees or transaction charges are paid to Arkadios, or its affiliates, for other services.

ACG Wealth has policies and procedures in place to prevent conflicts of interest from influencing recommendations made by our representatives in their separate capacities as broker-dealer representatives and to assure that recommendations are consistent with our fiduciary duties to clients. Conflicts of interests are also discussed below in the section titled "*Other Financial Industry Activities or Affiliations*". Clients and prospective clients are encouraged to review these sections carefully and to ask any questions that arise.

### **Performance-Based Fees and Side-By-Side Management**

ACG does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Types of Clients**

ACG provides portfolio management services to individuals, corporations and business entities, pension and profit-sharing plans, charitable institutions, foundations, endowments, estates and trusts. The minimum account size is \$50,000. ACG has the discretion to waive the account minimum.

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

Our investment strategy begins with an understanding of a client's financial goals. Advisors use demographic and financial information provided by the client to assess the client's risk profile and investment objective(s) in determining an appropriate Investment plan for the client's assets. Investment strategies ordinarily include long- or short-term purchases of equities, mutual funds, ETFs and fixed income securities.

Investment recommendations are drawn from research and analysis. Security analysis methods typically include the following:

- **Fundamental analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors to determine if the company is underpriced or overpriced. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.
- **Technical analysis and charting:** We attempt to determine the trend of a security by studying past market data, including price and volume. This presents a potential risk, as the price of a security can change directions at any time and past performance is not a guarantee of future performance.
- **Cyclical analysis:** We attempt to identify the industry cycle of a company to determine whether the company is in a market introduction phase, growth phase or maturity phase. Generally projected revenues, growth potential and business risk may fluctuate based on the company's cycle stage.

Information for this analysis may be drawn from financial newspapers and magazines, research materials prepared by others, annual reports, corporate filings, prospectuses, company press releases and corporate ratings services. ACG adheres to a long-term, buy-and-hold investment philosophy. While ACG reserves the right to act otherwise if it feels that it is the best interests of its Clients, ACG does not try to time the market and in general, ACG intentionally does not react to market movements in managing Client Accounts other than through rebalancing and tax-loss harvesting of managed assets. Clients should also consider the transactions costs and/or tax consequences that might result from rebalancing. Frequent rebalancing may incur additional costs and/or tax consequences versus less rebalancing. Rebalancing involves restoring a client's original asset allocation by shifting funds among investment categories to regain ratios that may have been decided initially upon designing a client's portfolio or decided during the course of their relationship with ACG.

It is important to note that investing in securities involves certain risks that clients must be prepared to bear. Though the goal of the firm is to find quality investments and proper allocation strategies, there is no guarantee that the goal will be met, and/or that the value of investor portfolios will not decline in value during any given time period. For any risks associated with mutual funds and ETFs, please refer to their prospectuses for additional details about these risks. Our investment approach constantly keeps the risk of loss in mind. These risks include, but are not limited to:

- **Interest-rate Risk:** Fluctuations in interest rates cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of an equity, bond, ETF or mutual fund 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. For example, political, economic and social conditions may trigger market reactions.
- **Advisory Risk:** There is no guarantee that ACG's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. It is possible that Clients or ACG itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to ACG's software based financial advisory service. ACG and its representatives are not responsible to any Client for losses unless caused by ACG breaching its fiduciary duty.
- **Volatility and Correlation Risk:** ACG's security selection process is based in part on an evaluation of past price performance and volatility to evaluate future probabilities. It is possible that different or unrelated asset classes may exhibit similar price changes in similar directions which may adversely affect a Client's Account and may become more acute in times of market upheaval or high volatility. Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections may not reflect actual future performance.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **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.
- **Legislative and Tax Risk:** Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser / financial advisor or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations (particularly for ETF securities dealing in natural resources). ACG does not engage in tax planning, and in certain circumstances a Client may incur taxable income on his or her investments without a cash distribution to pay the tax due.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if market participants are able to buy or sell quickly enough in the market without impacting the market price. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **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 could result in bankruptcy and/or a declining market value.
- **Foreign Investing and Emerging Markets Risk:** Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices and foreign regulation may be inadequate or irregular.
- **ETF Risks, including Net Asset Valuations and Tracking Error:** ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by the applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations may be limited or inaccurate.
- **ETF and Mutual Fund Expenses:** Clients should be aware that to the extent they invest in ETF or mutual fund securities they will pay two levels of advisory compensation – Advisory Fees charged by ACG plus any management fees charged by the issuer of the mutual fund or ETF. This scenario may cause a higher advisory cost (and potentially lower investment returns) than if a Client purchased the ETF or mutual fund directly, or purchased the underlying securities owned by the ETF or mutual fund directly. An ETF or mutual fund typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the fund may include ETF or mutual fund management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF or mutual fund expenses may change from time to time at the sole discretion of the ETF or mutual fund

issuer.

Described below are some risks associated with specific types of investments that an investment adviser representative may recommend. Many of these investments are usually sold by use of a prospectus or other offering document. Clients should review those documents carefully for more detailed information regarding risk.

- **Closed-End Funds:** Closed-end funds are illiquid and may not be readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares from time to time. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds when they desire to do so.
- **Exchange-Traded Funds ("ETFs"):** ETFs are typically investment companies that are legally classified as open end mutual funds or unit investment trusts. However, they differ from traditional mutual funds in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has high trading volume and high market liquidity. Conversely, the spread is generally higher if the ETF has low trading volume and low market liquidity. ETFs may be closed and liquidated at the discretion of the issuing company.
- **Exchange-Traded Notes ("ETNs"):** An ETN is a senior unsecured debt obligation designed to track the total return of a particular company, sector, market index or other benchmark. ETNs may be linked to a variety of assets, such as commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. An ETN is not a mutual fund and does not have a net asset value. Rather, the ETN trades at the prevailing market price. Some of the more common risks of an ETN are: 1) the repayment of the principal, interest (if any) and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay; or 2) the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The asset or asset class to which the ETN is linked may carry specific risks not associated with a particular index or sector. ETNs may be closed and liquidated at the discretion of the issuing company.
- **Leveraged and Inverse ETFs, ETNs and Mutual Funds:** Leveraged ETFs, ETNs and mutual funds are designed to provide a multiple of the return of an underlying index, typically on a daily basis. Some of these products are not diversified and can be based on commodities or currencies. Inverse ETFs, ETNs and mutual funds are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from, and are generally riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they do not exactly replicate the performance of the index because of fund expenses and other factors. Continual daily resetting of returns within the product may add to the underlying costs and increase disparity. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and may not be appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may have higher expense ratios and may be less tax-efficient than more traditional ETFs, ETNs and mutual funds.
- **Structured Products:** Structured products are securities whose performance is tied to that of another asset such as a security, a group of securities, an index, a commodity, a debt obligation, or a foreign currency. Structured products are senior unsecured debt of the issuing bank or broker-dealer and are subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. Some structured products offer full protection of the principal invested, while others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. Structured products frequently limit the upside participation in the reference asset, meaning that if the underlying asset appreciates the structured

product may not appreciate accordingly. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity).

- **Secondary Market Risk:** A secondary market for exchange traded structured products is fully liquid if we sell and do not hold to maturity date.
- **Call Features:** Structured products may include a provision that allows the issuer or other depository institution to “call” or redeem the product prior to maturity at a given price. Call features typically are exercised when a structured product is trading at a premium to its call price in the secondary market. The call option is solely at the discretion of the issuer. If a structured product is “called,” investors seeking to reinvest their redeemed funds will be subject to reinvestment risk because interest rates may have fallen since the time they first purchased the structured product.
- **Alternative Investments:** Alternative investments, such as hedge funds and private equity/venture capital funds, are speculative and involve a high degree of risk. Generally, there are limited secondary markets for alternative investments and clients may be subject to significant discounts in redeeming alternative investments through these venues. Also, there may be significant restrictions or limitations on withdrawing from or transferring these types of investments. Private equity/venture capital funds generally require an investor to make and fund a commitment over several years. Alternative investments generally have high fees (including both management and performance based fees) and expenses that offset returns. Alternative investments are generally subject to less regulation than publicly traded investments. ACG will not be able to independently value investments held by alternative investment fund managers. As a result, ACG will generally rely on the values reported to it by alternative investment fund managers. Alternative investments may include specific risks associated with limited liquidity, limited transparency, the use of leverage, arbitrage, short sales, options, futures and derivative instruments. Clients should recognize that they may bear asset-based fees and expenses at the manager-level, and indirectly, fees, expenses and performance-based compensation. Performance-based compensation may create an incentive for the managers that may receive performance-based compensation to make investments that are riskier and more speculative than would be the case if this special allocation were not made.
- **Private Funds:** Private funds may be purchased by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer. Clients retain the responsibility for reviewing all disclosure documents in connection with any private offering. Any due diligence performed is not a guarantee or assurance the products will not lose their value and clients should read any offering document or prospectus for such products carefully as they describe the risks associated with such investments.
- **Business Development Companies (“BDCs”):** BDCs are typically closed-end investment companies. Some BDCs primarily invest in the corporate debt and equity of private companies and may offer attractive yields generated through high credit risk exposures amplified through leverage. As with other high-yield investments, such as floating-rate/leveraged loan funds, private REITs and limited partnerships, investors are exposed to significant market, credit and liquidity risks. In addition, fueled by the availability of low-cost financing, BDCs run the risk of over-leveraging their relatively illiquid portfolios. Due to the illiquid nature of non-traded BDCs, investors’ exit opportunities may be limited only to periodic share repurchases by the BDC at high discounts.

A Client must notify ACG of specific securities in which the Client is prohibited from investing. If a Client instructs ACG not to purchase certain securities, ACG will select an alternate security to purchase on the Client’s behalf or if ACG deems no other security as appropriate, not invest in an alternate security. The Client shall notify ACG immediately if she considers any investments recommended or made for the Account to violate such restrictions.

ACG’s advisors primarily use financial planning software to define, quantify and illustrate a client’s long-term goals and objectives. In developing a plan for an individual client, advisors will perform a review of the variables that are presented. Such



review may include, but would not necessarily be limited to, investment objectives, consideration of the client's overall financial condition, income and tax status, personal and business assets, risk profile, liquidity constraints and other factors unique to the client's particular circumstances. Pursuant to a written financial planning & consulting agreement, advisors will review and analyze the information provided and the data derived from the financial planning software. The advisor will then deliver a written plan designed to help clients achieve their stated financial goals and objectives. Recommendations developed by the advisor are based upon their professional judgment; however, ACG cannot guarantee the results of any of recommendations. Results may use simplifying assumptions that do not completely or accurately reflect a client's specific circumstances. No financial plan or report has the ability to accurately predict the future. As investment returns, inflation, taxes, and other economic conditions vary from assumptions, actual results will vary (perhaps significantly) from those presented.

All investments involve risk and investment performance can never be predicted or guaranteed. Using any benchmark or index in connection with Plan Sponsor and Plan Participant Services is no promise that the performance of the plan's particular investments will experience the same results, including the results shown on the various reports that are delivered as part of these services. Any report containing a proposed asset allocation model is based upon a number of factors which may include the demographics of plan participants, current asset allocations and the value of the assets. ACG may change asset allocations and investment options within the model portfolios and has no obligation to retroactively revise the report. The analyses and suggested asset allocations contained in the reports may be based on historical financial data, assumptions about future financial trends (including market appreciation or decline, rates of return and risks for various asset classes), assumptions about applicable laws and regulations, and appropriate financial planning strategies. Any projections, analyses or other information contained in or with the reports regarding various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. The reports do not provide advice regarding the plan's specific securities investments. Therefore, it is important for Sponsor to monitor current events, such as changes in tax laws or in the financial markets, which may affect Sponsor's decisions about the plan. The return rates and dollar figures contained in the report may not include all investment expenses; thus, any results shown may be reduced by such costs. Also, where applicable (and only as indicated) assumptions as to federal income tax rates, state income tax rates, and estate taxes reflected in the report would only be general estimates.

With the increased use of technology such as the internet to conduct business, ACG, as with all businesses that utilize digital platforms that store, process, transmit or transact information via networked technology is susceptible to a breach of confidentiality, loss of data integrity or disruption in availability of networked systems. Cyber incidents can result from deliberate internal or external attacks. Cyber-attacks can include, but are not limited to, gaining unauthorized access to computer systems (e.g., through "hacking" or malicious software (aka Malware) denial-of-service (DDoS) attacks on websites (i.e., efforts to make network services unavailable to intended users). Unintentional cyber incidents can also occur, such as the inadvertent release of confidential information that could result in the violation of applicable privacy laws. A failure in or a breach of our operational or security systems or infrastructure, or those of our third party vendors and other service providers, including as a result of cyberattacks, could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, and may adversely impact our business. While ACG contracts with a third-party that has preventative, detective and mitigation technologies in place as well as basic business continuity plans in the event of cyber incidents, it is not possible to identify and create mitigation measures for every type of event that might result in a service disruption. Further, we encourage clients to ensure they take preventative and prophylactic measures to safeguard their personal identifying information to lessen the chance of identity theft.

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of ACG or the integrity of ACG's management. ACG has no information applicable to this Item.

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

Certain investment advisory representatives of ACG are separately licensed as insurance agents/brokers for various independent insurance companies. These individuals spend as much as 5% of their time with these aforementioned non-advisory activities. Neither ACG nor its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing entities. ACG does not recommend or select other investment advisers for its Clients and receive compensation, directly or indirectly, from any such advisers. See the section titled: *"Brokerage Practices"* for additional details regarding brokerage practices and related disclosures.



ACG is affiliated through common ownership with Arkadios Capital, LLC ("**Arkadios Capital**"), a registered broker dealer. ACG's management, and most of its investment adviser representatives, are also registered representatives of Arkadios Capital. In their separate capacities as registered representatives of Arkadios Capital, advisors may recommend the sale of securities to all clients with brokerage accounts with Arkadios Capital. ACG seeks to mitigate these conflicts through disclosure and notification that clients should be aware of this conflict and take into consideration in making a decision whether to engage ACG or any of its investment adviser representatives who are also registered representatives of Arkadios Capital.

Arkadios Capital, receives distribution or service fees (trails) from the sale of certain mutual funds (including money market funds) pursuant to a 12(b)-1 distribution plan or other such plan as compensation for distribution or administrative services and are distributed from the fund's total assets. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund's prospectus. Arkadios Capital also receives a portion of the margin interest charge for a client's margin balance for brokerage accounts held at NFS. In addition, Arkadios Capital receives compensation in connection with cash held in the account. Additionally, Arkadios Capital receives compensation from NFS based on the value of credit balances in the accounts. If cash is swept into a sweep deposit or money market account, Arkadios Capital receives compensation based on the value of assets in these cash programs as broker-dealer. Thus, because ACG has an incentive to recommend that client select a sweep vehicle that pays more compensation to the affiliated broker-dealer than other sweep vehicles, there is an inherent conflict of interest. Further, this compensation is in addition to the advisory fee that ACG receives with respect to the advisory services provided to the account. This conflict is addressed through disclosure and clients may request cash to be invested in money market funds or other securities rather than a sweep vehicle, however, clients may incur transaction charges where applicable.

Moreover, ACG's Advisors may recommend that certain clients invest in a structured product to provide more income and to effectively provide downside protection to equity positions currently held in client accounts. The structured product is not a money market fund alternative because of its fluctuating NAV and changes in market value. The structured product is being used to provide additional income for clients versus a money market fund and to provide the client with downside protection due to changing stock market conditions. In such instances, Arkadios Capital, ACG's affiliated broker-dealer, will receive a referral fee for such investment; however, ACG does not receive any transaction-based compensation nor can Arkadios Capital share the compensation it receives with ACG. When an ACG client invests in the structured product, the client does not pay any additional commission or sales charges and if the client decides to redeem their investment early, no additional commissions or sales charges will be assessed to the client. Additionally, Arkadios Capital may be required to repay a portion of the fee that it received. This practice creates an incentive for ACG to recommend the structured product, and once invested, to hold the structured product so that Arkadios Capital will receive compensation or retain such compensation. ACG addresses this conflict by recommending these products for whom they are suitable given the client's investment objectives rather than the interests of Arkadios Capital.

Clients can purchase securities through broker-dealers in initial public offerings, secondary offerings and special purpose acquisition company transactions. If Arkadios Capital acts as a member of the selling syndicate for such offerings, it will receive compensation equal to a portion of the gross spread (the difference between the price the client pays for the security and the price at which it purchased the securities). The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement. If Arkadios acts as a dealer with respect to fixed-income securities, and as such, may execute transactions for ACG clients on a principal basis. As a dealer, Arkadios Capital will receive a "mark-up", "mark-down", and/or spread in the net price at which principal transactions are executed. This compensation is in addition to the advisory fee that client pays to ACG under the advisory programs listed in the section titled: "*Advisory Business*". Thus, ACG has a conflict of interest in deciding to execute fixed income trades through Arkadios Capital on a principal basis. ACG addresses this conflict of interest in the following ways. After receiving disclosures about a specific principal transaction with Arkadios Capital, clients have the opportunity to reject the transaction before it is completed, to the extent required by applicable law. In addition, Arkadios Capital has policies and procedures in place to assure that clients receive best execution with respect to principal trades. Furthermore, ACG Wealth also has policies and procedures in place to prevent conflicts of interest from influencing recommendations made by our representatives in their separate capacities as broker-dealer representatives and to assure that recommendations are consistent with our duties to clients.

Arkadios Capital makes available several non-publicly traded products, including, but not limited to non-listed real estate investment trusts ("REITS"), limited partnerships ("LPs"), hedge funds, managed futures, tax credit programs, oil and gas programs, venture capital funds, and private equity funds. In addition to receiving commissions on the sale of these products,

Arkadios Capital may receive due diligence and or marketing allowance payments from certain product sponsors. While the arrangements with each sponsor may vary, each product sponsor may pay a due diligence or marketing allowance fee based upon the amount of assets held at the sponsor or on the gross amount of sales generated in a specified period. These payments are not shared with ACG or its advisors and are retained by Arkadios Capital for its services.

ACG is affiliated through common ownership with ACG Investment Management, LLC ("ACG IM"), a Georgia registered investment adviser and manager of the OG Ao Fund, LLC, a private investment fund. ACG has a conflict of interest in recommending the OG Ao Fund because ACG and its affiliates would earn more total compensation when a client invests in the fund. ACG addresses these conflicts of interest through its policies and procedures that, among other things, require Advisors to make suitable recommendations and to act as a fiduciary to its clients. Clients invested in the OG Ao Fund, LLC will receive audited annual reports on the performance and operation of the Fund directly from the Fund manager as noted in the subscription agreement.

ACG is also affiliated through common ownership with Arkadios Wealth Advisors, LLC ("Arkadios Wealth"), an SEC registered investment adviser. ACG does not believe its relationship with Arkadios Wealth presents any material conflicts of interest for ACG's clients. ACG's investment adviser representatives may transition to Arkadios Wealth and may be temporarily dually-registered with Arkadios Wealth during this transitory period.

## **Code of Ethics**

ACG has adopted a Code of Ethics for all officers, employees, investment adviser representatives and certain other persons associated with ACG (collectively, "**Covered Persons**") describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, restrictions on political donations, and personal securities trading procedures, among other things. All Covered persons at ACG must acknowledge the terms of the Code of Ethics annually, or as amended.

ACG's Covered Persons are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, Covered Persons and their affiliates may trade for their own accounts in securities which are recommended to and/or purchased for ACG's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of Covered Persons will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing Covered Persons to invest for their own accounts. Under the Code of Ethics, certain classes of securities and transactions have been designated as exempt from the reporting requirements pursuant to SEC Rule 204A-1, which reflects the SEC's view that certain types of securities and transactions do not present the potential for abuse by investment advisers. The Code of Ethics restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit Covered Persons to invest in the same securities as clients, there is a possibility that Covered Persons might benefit from market activity by a client. However, when practical, Covered Person trades are aggregated with Client trades. Covered Person trading is periodically monitored under the Code of Ethics to reasonably prevent conflicts of interest between ACG and its clients.

Certain affiliated accounts trade in the same securities with client accounts on an aggregated basis when consistent with ACG's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. ACG retains records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders are allocated as specified in the initial trade order. Partially filled orders are allocated on a pro rata basis. Any exceptions are explained on the order. A copy of the firm's Code of Ethics may be requested by contacting the Compliance Department at our main number.

## **Brokerage Practices**

### **Selection and Recommendation**

ACG has relationships with various custodians which also act as broker-dealers and custody client funds and securities. Currently, ACG through its advisors recommend Fidelity Institutional Wealth Services ("Fidelity") through Fidelity Brokerage Services LLC or National Financial Services LLC ("NFS") through an affiliate Arkadios Capital, TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") and Schwab Advisor Services, a division of Charles Schwab & Co., Inc. ("Schwab"). ACG does not require Advisors utilize a particular custodian over another that ACG currently offers. For ACG client accounts maintained in its custody, the custodian holding the account does not generally charge separately for custody services. They are compensated by account holders through commissions and other transaction-related or asset-based fees

for securities trades that are executed. The custodians make products and services available to ACG that benefit ACG but may not directly benefit its clients' accounts. ACG does not recommend broker-dealers for client transactions in connection with financial planning and consulting services and plan participant services.

ACG seeks to recommend a custodian/broker who will hold Client assets and execute transactions on terms that, overall, are most advantageous when compared to other available providers and their services. A number of factors affect custodial choice and in seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, safety of customer funds, execution capability, commission rates and responsiveness. Accordingly, although ACG will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. ACG considers a wide range of factors in selecting a custodian/broker including, among others, the following:

- Quality of overall execution services provided
- Timeliness of execution
- Clearance and settlement capabilities
- Ability to place trades in difficult market environments
- Timeliness and accuracy of trade confirmations
- Quality of account statements
- Research, execution facilitation, record keeping, custody and other "value-added" services provided
- Frequency and correction of trading errors
- Financial condition and willingness to commit capital
- Business reputation, creditworthiness, and integrity
- Custodian's technology offering & technology integrations
- Commission or transaction rates charged to clients
- Product specialty and availability (types of securities)
- Banking, charitable & trust services offered
- Client account protection & security
- ACG's prior experience with the custodian/broker

#### ***Research and Other Soft Dollar Benefits***

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist ACG in its investment decision-making process. Such research generally will be used to service all of ACG's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because ACG does not have to produce or pay for the products or services. The products received qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

ACG also receives certain services and products, such as fundamental research reports, technical and portfolio analyses, pricing services, economic forecasting and general market information, historical database information and computer software (i.e. soft dollars) that assists ACG's representatives in their investment management process, from an affiliate, Arkadios Capital through National Financial Services ("NFS"). Arkadios may also sponsor and make available to ACG other products and services that benefit ACG but may not benefit all clients' accounts. These benefits may include educational events, conferences or meetings relating to the programs or brokerage services generally. Other of these products and services assist ACG in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (including order allocation or aggregation), provide research, pricing information and other market data, facilitate payment of ACG's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of client accounts, including accounts not maintained at NFS. ACG and Arkadios Capital have a referral arrangement with NFS, whereby ACG and Arkadios Capital receive business credits or other compensation from NFS based on the amount of client assets custodied by NFS, which will be transferred to the advisory platform maintained by Fidelity Institutional Wealth Services (FIWS), a division of NFS' affiliated

company Fidelity Brokerage Services, LLC. For those clients that invest with advisers utilizing the NFS platform, this potentially creates a conflict of interest in that it gives ACG a financial incentive to recommend NFS. However, the advisers themselves do not have a financial incentive to recommend NFS. There are times where the advisers or ACG may indirectly benefit from the account being established on the NFS platform because of Arkadios Capital's affiliation with ACG due to common control and ownership. Clients do not incur any additional fees or expenses as a result of payments of business credits or compensation by NFS to ACG or Arkadios Capital.

In addition, ACG may execute fixed income trades through Advisors Asset Management ("AAM"). ACG's Advisors may choose to execute through AAM due to their access to the bond markets, trading support services, and the ability to view competitive offerings. ACG does not receive products, research or services (i.e. soft dollars) in connection with this relationship. However, our affiliated broker-dealer, Arkadios Capital receives referral payments from AAM for having directed a volume of transactions to it for execution of orders for client accounts, which may include advisory accounts. The terms of the referral fee received is determined by mutual agreement between Arkadios Capital and AAM prior to each transaction. This creates a conflict of interest. ACG has policies and procedures in place to prevent conflicts of interest from influencing recommendations made by our investment adviser representatives and to assure that recommendations are consistent with our duties to clients. ACG also mitigates this conflict through this disclosure and note that Clients may engage other investment advisers or their affiliates, who do not receive these referral payments. Furthermore, this compensation does not affect the price that clients pay for securities or the transaction charges they pay. More information about these payments is available upon request.

The benefits received by ACG or its personnel through participation in advisory programs available at Fidelity, Schwab or TD Ameritrade ("Custodians") do not depend on the amount of brokerage transactions directed to the Custodians. Clients should be aware, however, that the receipt of economic benefits by ACG or its related persons in and of itself creates a potential conflict of interest and may influence ACG's choice of custodian for custody and brokerage services. ACG receives no products, research, or services in connection with client securities transactions (i.e., soft dollars or soft dollar benefits) that it would consider a primary factor in utilizing a particular broker-dealer. However, under its custodial agreements, ACG receives certain services and products, such as fundamental research reports, technical and portfolio analyses, pricing services, access to a trading desk, access to block trading, economic forecasting and general market information, historical database information and computer software that assists ACG Advisors' representatives in their investment management process.

Fidelity provides ACG with technology platforms or other software to access Fidelity's brokerage system. These systems aid ACG in providing services to its clients, their accounts, which includes software that makes available client's account data, facilitates trade execution, allocates aggregated trade orders, facilitates payment of fees from client accounts, and assists with back office functions, such as recordkeeping and client reporting. Fidelity may also assist ACG with Advisors joining the Fidelity platform, and in some cases, pay account transfer fees or other charges the client may have to pay when changing custodians or service providers. The agreement for services described above may be better or worse than the terms offered to other advisors and may depend on the type or amount of business ACG and its client conduct with Fidelity. Other factors may be considered as well, including the amount of assets in accounts with Fidelity within a certain timeframe. Our advisors may be motivated by these factors when recommending Fidelity accounts to clients. Fidelity will establish pricing on commissions, account transactions, and other service fees for accounts in which Fidelity is the custodian. This pricing will be agreed upon based on the current and expected type and amount of business ACG plans to do with Fidelity. Fidelity also provides the firm with an additional benefit, Fidelity has agreed to pay an amount up to 100% of the cost of Black Diamond Performance Reporting which assists the firm with certain trading and client reporting functions. Fidelity has the right to terminate this benefit, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain this benefit, ACG may have an incentive to recommend clients' assets be held in custody and to place trades with Fidelity. However, ACG's receipt of these benefits does not diminish our duty to act in the best interest of clients, including seeking best execution of trades for client accounts.

Schwab provides ACG with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a pre-determined of the advisor's total clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

ACG also participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to investment advisers, services which include custody of securities, trade execution, clearance, and settlement of transactions. Advisor receives benefits from TD Ameritrade through its participation in the program.

These Custodians also sponsor and make available to ACG other products and services that benefit ACG but may not benefit all of its clients' accounts. These benefits may include local, national or regional educational events, conferences or meetings relating to the programs or custody and brokerage services generally. Other potential benefits may include occasional business entertainment of personnel of ACG by the Custodians' personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist ACG in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of ACG' fees from its clients' accounts, access to mutual funds with no transaction fees and to certain institutional money managers; and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of ACG' accounts, including accounts not maintained at Schwab, TD Ameritrade or Fidelity. Certain Custodians also make available to ACG other services intended to help ACG manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications, conferences, roundtables and webinars on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, the Custodians may make available, arrange and/or pay vendors for these types of services rendered to ACG by independent third parties. The Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to ACG.

#### ***Mutual Fund Share Classes Paying 12b-1 Fees or Other Compensation***

Mutual funds typically offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to the more commonly offered retail mutual fund share classes (typically, Class A, B and C shares), mutual funds may also offer institutional or advisor share classes ( the "lower expense share classes") or other share classes that are designed for purchase in an account enrolled in an investment advisory programs (typically, Class I, "institutional", "investor" etc.). These share classes usually have a lower expense ratio than other share classes.

ACG and its affiliates have a financial incentive to recommend or select share classes that have higher expense ratios because such share classes generally result in higher compensation when accounts are held with Arkadios Capital through NFS. This creates a conflict of interest. Arkadios Capital has taken steps to rebate 12b-1 fees received back into advisory accounts held at NFS that generated the 12b-1 fee in order to minimize the impact of being invested in a potentially higher cost share class. Regardless, however, clients may still be invested in higher expense ratio share classes with higher internal expenses when no lower expense share classes for a particular fund are available or the client is not eligible for the lower expense share classes due to the inability of the client to meet the investment minimums or any other restrictions imposed by NFS or the mutual fund.

For non-wrap accounts held at Fidelity, Schwab or TD, certain mutual fund share classes are available for purchase or sale without a transaction fee or surcharge; these mutual funds are typically available in higher expense share classes. Mutual Fund share classes which have a transaction fee or surcharge are typically available in lower expense share classes. The decision to use the higher expense share classes versus the lower expense share classes is based on the anticipated level of trading activity in the selected mutual fund. Generally, prolonged holding periods of the higher expense share classes may result in higher underlying expenses to the client than if a lower expense share classes were chosen with a transaction fee. In discussing with clients which share class is appropriate, our advisors will typically discuss the size of the investment in the particular mutual fund, anticipated number of transactions in the mutual fund, the preference of paying a transaction fee and the likely turnover of the assets in the account based on the proposed strategy for the account.

For wrap accounts held at Fidelity, Schwab or TD, the client pays a single "wrap" fee that covers the investment advice provided by ACG and the execution of transactions by the Custodian. ACG has a conflict of interest in choosing higher expense share classes in a wrap account because ACG is charged a transaction fee for the execution of mutual funds with lower expense share classes. ACG mitigates this conflict through this disclosure that this conflict exists and that higher expense share classes may cause underperformance compared to the lower expense share classes. However, ACG believes

this practice also assists the firm in keeping overall fees lower. Please contact your representative for more information about share class eligibility.

### **Directed Brokerage**

The practice of directing brokerage is not required by all advisers and we may be unable to achieve the most favorable execution of client transactions at all times. When directing brokerage, clients select a broker-dealer based on factors important to them. Clients will negotiate the terms and arrangements with their broker-dealer of choice, and transactions are directed to the specified broker-dealer. ACG will not be in a position to seek better execution services or prices from other broker-dealers. ACG's recommendation that clients maintain their assets in accounts at certain Custodians may be based in part on the benefit to ACG or the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by the Custodians, which may create a potential conflict of interest. Clients may be able to direct brokerage transactions to a 3rd party for certain types of securities. Directing brokerage may cost clients more money because, as an example, we may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices.

### **Order Aggregation**

ACG may, at times, aggregate the sale and purchase orders of securities for different advisory accounts, as well as with accounts of ACG's management or investment adviser representatives. ACG believes this practice is reasonably likely to result in better purchase or sale execution prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors. Aggregate orders are allocated to Client Accounts in a systematic, non-preferential manner. Allocations of aggregated orders may also be rounded up or rounded down to avoid odd lot or small holdings in any client account. ACG may determine not to aggregate transactions, for example, based on the size of the trades, number of client accounts, the timing of the trades and the liquidity of the securities. If the firm does not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating at all times may cost clients more money. ACG maintains a record of any trading errors that occur in connection with investment activities of its Clients. Both gains and losses that result from a trading error made by ACG will be borne or realized by ACG.

### **Review of Accounts**

Account reviews are conducted by the client's Advisor at least annually. Factors that are considered during such reviews include, but are not limited to the following: investment objectives, targeted allocation, current allocation, suitability, performance, monthly distributions, concentrated positions, diversification, and outside holdings. Examples of situations that may impact an account include the following: performance that is not in line with the client's "downside risk tolerance," change in investment objective, the client makes a significant addition of capital or withdrawal of capital from the account, rebalancing of the portfolio if current allocation and targeted allocation are not consistent, concentrated position that could lead to volatility, etc.

Clients agree to inform ACG in writing of any material changes to their financial circumstances that might affect the manner in which their assets should be invested. Clients may contact us during normal business hours to consult with an Advisor concerning the management of their account(s). The section titled: "*Custody*" contains information regarding the custody reports provided by ACG.

### **Client Referrals and Other Compensation**

ACG has agreements with various individuals to pay for client referrals. The solicitor's agreements entered into by ACG comply with rule 206(4)-3 promulgated under the Investment Advisors Act of 1940. If a client is solicited by an individual with a solicitor's agreement in place with ACG, ACG will pay them a portion of the management fees we collect. The details of the fee payments are described in the Solicitor's Disclosure which is provided to clients at account opening. Solicitor's fees will be based on ACG's normal fee schedule; clients are not charged any additional fees or expenses as a result of the referral.

As set forth in "Fees and Compensation" above, ACG and its advisors in their capacity as registered representatives of Arkadios Capital may receive compensation from third parties in connection with trades executed for or investments held in advisory accounts. Certain mutual fund issuers and other third parties sponsor and pay for client luncheons, or other events, that ACG's advisors host. These arrangements may give rise to conflicts of interest, or perceived conflicts of interest, with the firm's clients in connection with advisor's recommendation of certain investment products. However, ACG's commitment to its clients and the policies and procedures it has adopted are designed to limit any interference with ACG's independent decision-making process when choosing the best investment for our clients.



## **Custody**

ACG is deemed to have custody of client funds and securities because of the advisory fee deduction authority granted by clients in the investment advisory agreement and in certain asset movement authorizations granted to ACG. These authorizations allow for ACG to direct the qualified custodian to transfer assets between related and unrelated accounts at the qualified custodian, as well as to transfer assets to third parties via standing letters of authorization. The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us.

As described under "Review of Accounts", we may provide to you reports we prepare regarding your portfolio. You are encouraged to review these reports and compare them against reports received from the independent custodian that services your advisory account. You should immediately inform us of any discrepancy noted between the custodian records and the reports you receive from us. Discrepancies may occur because of reporting dates, accrual methods of interest and dividends and other factors. The custodial statements received are the official record of your accounts maintained with the qualified custodian for tax purposes. Any account information provided by ACG or your investment adviser representative is for informational purposes only.

## **Investment Discretion**

ACG requires that clients execute an Account Agreement that gives ACG full discretionary authority to select the identity and amount of securities to be bought or sold. This authority is for the purpose of making and implementing investment decisions without the Client's prior consultation. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, ACG observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to ACG in writing.

A Client should understand that, subject only to ACG's fiduciary duties, ACG's full discretionary trading and investment authority over the Client's assets means that the timing, size, and identity of securities to buy and sell for trades for client accounts is completely within ACG's discretionary authority, and while ACG seeks to respond to client deposits, client changes in risk profiles, client withdrawal requests and other reasonable client requests in a timely and reasonable manner, ACG does not represent or guarantee that ACG will respond to any such Client actions or requests immediately or in accordance with a set time schedule. Further, ACG is not responsible to Client for any failures, delays and/or interruptions in the timely or proper execution of trades or any other trading instructions placed by ACG on behalf of Client through the Custodian due to any reason or no reason, including without limitation any or all of the following, which are likely to happen from time to time: (i) any kind of interruption of the services provided by the Custodian or its clearing or executing broker-dealers; (ii) any kind of interruption in ACG's ability to communicate with the Custodian or its clearing or executing broker-dealers; (iii) hardware or software malfunction, failure or unavailability; (iv) system outages; (v) internet service failure or unavailability; (vi) the actions of any governmental, judicial or regulatory body; and/or (vii) force majeure.

## **Voting Client Securities**

As a matter of firm policy and practice, ACG does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. ACG will provide advice to clients regarding the clients' voting of proxies if requested. Clients will receive their proxies or other solicitations directly from their Custodian or the issuer's transfer agent. Furthermore, from time to time securities held in client portfolios may be the subject of class action litigation. The decision regarding whether to file a proof of claim in a class action, to opt in or opt out of a settlement, or other similar questions involve legal judgment. We do not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits, and we will not file claims on your behalf. If you request additional assistance, we will provide any transaction information pertaining to your account that may be helpful and/or needed in order for you or your custodian to file a proof of claim or take other action with respect to a class action.

## **Financial Information**

This Item is not applicable because ACG does not require or solicit the prepayment of any Advisory Fees more than six months in advance, and does not have any adverse financial condition that is reasonably likely to impair its ability to continuously meet its contractual commitments to its Clients.

FACTS	PRIVACY POLICY - WHAT DOES ACG WEALTH, INC. DO WITH YOUR PERSONAL INFORMATION?		<div>ACG WEALTH</div> <div>Life. Planned. Better.</div>
WHY?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing of your personal information. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully in order to better understand what we do.		
WHAT?	<div>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</div> <div><ul style="list-style-type: none"><li>Social Security Number, Date of Birth, Address, contact information and Income</li><li>Assets and Investment Experience</li><li>Account Transactions and Retirement Assets</li><li>Tax Reporting and Investment Performance Information</li></ul></div> <div>When you are no longer our customer, we continue to share your information as described in this notice.</div>		
HOW?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons ACG Wealth, Inc. chooses to share; and whether you can limit this sharing.		
Reasons we can share your personal information		Does ACG Wealth, Inc. share?	Can you limit this sharing?
<div>For our everyday business purposes</div> <div>To administer, manage and service customer accounts, process transactions and provide related services for your accounts, it is necessary for us to provide access to personal information within the ACG Wealth, Inc., companies and to certain nonaffiliated companies. We may share your personal information:</div> <div><ul style="list-style-type: none"><li>To process your transactions, maintain your account(s), respond to court orders and legal investigations, report to credit bureaus, government entities and our outside auditors.</li><li>With third party administrators and vendors for the purposes of providing current and future information on your account (such as transaction history, tax information and performance reporting).</li><li>With affiliated and nonaffiliated entities that perform services for us or function on our behalf (such as check printing services, account aggregation providers, clearing broker-dealers, investment companies, and insurance companies)</li></ul></div>		Yes	No
<div>For our marketing purposes</div> <div>To offer our products and services to you</div>		Yes	No
For our Affiliates to market to you		Yes	No
For non-affiliates to market to you		No	We don't share
<div>For clients of Independent Adviser Representatives ("Independent Advisors") registered with ACG Wealth, Inc.</div> <div><ul style="list-style-type: none"><li>If your independent advisor terminates his or her relationship with us and moves to a New Firm, we or your independent advisor may disclose your personal information to the New Firm, unless you instruct us not to. If you do not want us or your independent advisor to disclose your personal information to the New Firm when your independent advisor terminates his or her relationship with us, you may request that we and your independent advisor limit the information that is shared with the New Firm.</li><li>Your personal information may also be shared with certain entities that are owned, controlled by or affiliated with your independent advisor, such as an independent insurance agency or accounting firm.</li><li>In the event your independent advisor (or his/her estate) agrees with an unaffiliated financial advisor to sell all or some portion of his/her securities, advisory or insurance business your personal information may be shared with the acquiring financial advisor and his/her New Firm.</li></ul></div>		Yes	Yes



Who we are	
Who is providing this notice?	ACG Wealth, Inc., Inc. a registered investment adviser. Your financial advisor is an investment adviser representative of ACG Wealth, Inc. and we are required to provide this notice to inform you of how we collect, share and protect your personal information.
What we do	
How does ACG Wealth, Inc. protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include ongoing employee training, computer safeguards and secured files and buildings.
How does ACG Wealth, Inc. collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>• Open an investment account or deposit money</li> <li>• Seek advice about your investments</li> <li>• Give us your account information or provide employment information</li> <li>• Make a wire transfer</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>• Sharing for affiliates' everyday business purposes information about your creditworthiness</li> <li>• Affiliates from using your information to market to you</li> <li>• Sharing for non-affiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing. Please contact your State for additional information and to inquire about your right to limit sharing of your personal information.</p>
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and non-financial companies. Our affiliates include companies engaged in the financial services industry with ACG Wealth, Inc.; financial companies such as Arkadios Capital LLC, Arkadios Wealth LLC & ACG Investment Management LLC
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies</p> <ul style="list-style-type: none"> <li>• ACG Wealth, Inc. does not share with non-affiliates so they can market to you.</li> </ul>
To limit our sharing	<p>ACG Wealth, Inc. has signed the Protocol for Broker Recruiting ("Protocol") which allows the financial advisor servicing your account to take certain limited information in the event he/she leaves ACG Wealth, Inc. and joins another firm which has also signed the protocol. The information your financial advisor can take is limited to your name, your address, your phone number, your email address and the title of your account. If you choose to Opt-Out ACG Wealth, Inc. will notify your financial advisor of your decision to keep the information confidential and not let it be taken by your financial advisor to his/her new firm. Please contact us at the number below to receive a copy of our Opt Out Form.</p> <p>If you prefer that we not disclose your non-public personal information to persons or companies that are not ACG Wealth Inc. affiliates for our everyday business purposes, we may not be able to service your needs as effectively if you opt out of information sharing. Depending on specific circumstances, we may need to close your account or cease performing certain services or cease effecting certain transactions for you if you do not allow us to share information with persons or companies whose assistance is critical. Your ACG Wealth Investment Adviser Representative can discuss these matters with you as they relate to your specific circumstances.</p>
Questions?	ACG Wealth, Inc., 3333 Piedmont Road, Suite 2010, Atlanta GA 30305. Call 866-893-4103 or go to <a href="http://www.acgwealth.com">www.acgwealth.com</a>