

# Cogent Strategic Wealth

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This Brochure provides information about the qualifications and business practices of Cogent Strategic Wealth. If you have any questions about the contents of this Brochure, please contact us at 312-382-8388 and/or [Conversations@theCogentAdvisor.com](mailto:Conversations@theCogentAdvisor.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Cogent Strategic Wealth is a registered investment adviser. 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.

Additional information about Cogent Strategic Wealth also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Item of the Brochure will discuss only specific material changes that are made to the Brochure since our last annual update and provide clients with a summary of such changes. Our last annual update of our brochure was March 20, 2019.

Our current Brochure has been amended as follows:

- Item 4 – Advisory Business has been updated with the notation that for certain client accounts Cogent Strategic Wealth will retain BAM Advisor Services, LLC for sub-advisory services.

(Brochure Date: 10/29/2019)

(Date of Most Recent Annual Updating Amendment: 03/20/2019)

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Michael Evans at 312-382-8388.

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## **Item 4 – Advisory Business**

Cogent Strategic Wealth is owned by Michael John Evans and has been providing advisory services since February of 2010. As of December 31, 2018, Cogent Strategic Wealth managed \$131,783,429 on a discretionary basis. Cogent Strategic Wealth's investment advisory services are offered through the concept of a Personal Chief Financial Officer combining essential components from the right team members for comprehensive wealth management. The process involves the following steps:

Discovery: Exploration and identification of values and goals.

Investment Planning: Preparation of Investment Policy Statement outlining a client's current financial situation.

Development of Investment Plan: Selecting a portfolio that will correspond with a client's specific situation.

Implementation: Providing on-going services for the management of client accounts in accordance with investment and wealth objectives.

Regular Progress Meetings: Contact with clients to determine if financial circumstances or investment and wealth objectives have changed requiring alternative strategy.

### **Wealth Management Services**

Our wealth management process is comprised of investment management, advanced planning and relationship management. Investment management is described below. Advanced planning entails coordinating a team of outside professionals who address our client's four areas of concerns: wealth enhancement, wealth transfer, wealth protection and charitable giving. Cogent Strategic Wealth acts as the relationship manager between the client and the specific subject matter professionals in order to facilitate a comprehensive wealth management experience for our clients.

### **Investment Management Services**

Investment management and consulting is the astute management of investments over time to assist our clients in achieving their financial goals. It requires advisors to deeply understand their clients' most important challenges and then to design an investment plan that takes their clients' time arises and tolerance for risk into account and that describes an approach that will maximize clients probability of achieving their goals. Cogent Strategic

Wealth offers ongoing investment consulting based on the individual goals, objectives, time horizon, and risk tolerance of each client.

Investment management and consulting Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk Tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

Cogent Strategic Wealth will work with a client to determine the client's investment objectives and investor risk profile and will design a written Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a general plan (the Investment Plan) to aid in the selection of a portfolio that matches each client's specific situation.

Cogent Strategic Wealth uses investment and portfolio allocation software to evaluate alternative portfolio designs. Cogent Strategic Wealth evaluates the client's existing investments with respect to the client's investment policy statement. Cogent Strategic Wealth works with new clients to develop a plan to transition from the client's existing portfolio to the portfolio recommended by Cogent Strategic Wealth. Cogent Strategic Wealth will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold review meetings with the client regarding the account as necessary.

Cogent Strategic Wealth will typically create a portfolio of no-load mutual funds and may use model portfolios if the models match the client's investment policy. Cogent Strategic Wealth will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. Cogent Strategic Wealth primarily recommends portfolios consisting of passively managed asset class and index mutual funds or exchange traded funds (ETFs). Cogent Strategic Wealth primarily recommends mutual funds offered by Dimensional Fund Advisors (DFA), Bridgeway Capital Management, AQR and Vanguard. DFA and Vanguard sponsored mutual funds follow a passive asset class investment philosophy with low holdings turnover. Client portfolios may also include some individual equity securities in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for a personal reason.

Cogent Strategic Wealth manages mutual fund and equity portfolios on a discretionary basis. Clients may impose any reasonable restrictions on Cogent Strategic Wealth's discretionary authority, including restrictions on the types of securities in which Cogent

Strategic Wealth may invest client's assets and on specific securities, which the client may believe to be appropriate. These situations may be specifically identified in the client's Investment Policy Statement (IPS).

Cogent Strategic Wealth has retained BAM Advisor Services, LLC ("BAM") to act as a sub-advisor for certain client accounts. BAM shall provide various model asset allocation portfolios (each a "Portfolio", collectively "Portfolios") for selection by Cogent Strategic Wealth. Each Portfolio strives to achieve long-term risk and return objectives through diversification among multiple asset classes using investment options available to BAM, which may include, but are not limited to, mutual funds and/or exchange traded funds from Dimensional Fund Advisors LP, Bridgeway Capital Management, Inc., AQR Capital Management, LLC, The Vanguard Group, Inc., Stoneridge Asset Management, LLC or other providers selected by BAM. Each Portfolio is designed to meet a particular investment goal which Cogent Strategic Wealth has determined is suitable based on the client's circumstances. Once the appropriate Portfolio(s) has been determined, the Portfolio will continuously be managed based on the portfolio's goal and BAM will have the discretionary authority to manage the Portfolio(s), including rebalancing. However, Advisor, on behalf of its client, will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Should material life events occur, clients should immediately contact Advisor to determine if changes to an account and the allocation of the assets held in the account are necessary.

Cogent Strategic Wealth may also recommend fixed income portfolios to investment management clients, which consist of managed accounts of individual bonds. Cogent Strategic Wealth will request discretionary authority within the Investment Advisory Agreement from investment management clients to manage fixed income portfolios, including the discretion to retain a third-party fixed income manager.

Pursuant to its discretionary authority granted by the Client in the Investment Advisory Agreement, Cogent Strategic Wealth may retain a fixed income securities manager. The fixed income securities manager will be provided with the discretionary authority to invest client assets in fixed income securities consistent with the client's Investment Policy Statement. The manager will also monitor the account for changes in credit ratings, security call provisions, and tax loss harvesting opportunities (to the extent that the manager is provided with cost basis information). The manager will obtain Cogent Strategic Wealth's consent prior to the sale of any client securities.

On an ongoing basis, Cogent Strategic Wealth will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. Cogent Strategic Wealth will periodically, and at least annually, review clients' investment policy,

risk profile and discuss the re-balancing of each client's accounts to the extent appropriate. Cogent Strategic Wealth will provide to investment manager any updated client financial information or account restrictions necessary for investment manager to provide sub-advisory services.

As further described below, in addition to managing the client's investment portfolio, Cogent Strategic Wealth may consult with clients on various financial areas including income and estate tax planning, business sale structures, college financial planning, retirement planning, insurance analysis, personal cash flow analysis, establishment and design of retirement plans and trust designs, among other things.

### **Employee Benefit Retirement Plan Services**

Cogent Strategic Wealth also provides advisory services to participant-directed retirement plans through third party administration services, which are online bundled service providers offering an opportunity for plan sponsors to provide their participants with daily account access, valuation, and investment education.

Cogent Strategic Wealth will analyze the plan's current investment platform and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. Cogent Strategic Wealth will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

Cogent Strategic Wealth will recommend changes in the plan's investment vehicles as may be appropriate from time to time. Cogent Strategic Wealth generally will review the plan's investment vehicles and investment policy as necessary.

For certain retirement plans, Cogent Strategic Wealth also works in coordination and support with BAM Advisor Services, LLC ("BAM"). Retirement plan clients will engage both Cogent Strategic Wealth and BAM. BAM will provide to the client additional discretionary investment management services and will exercise discretionary authority to select the plan investments made available to the plans' participants by selecting and maintaining the plans' investments according to the goals and investment objectives of the plan.

Cogent Strategic Wealth will continue to work with plans to monitor plan investments, provide fiduciary plan advice including regular considerations of the goals and objectives of the plan, and provide participant education services to the plan.

## **Advanced Planning**

Cogent Strategic Wealth offers Advanced Planning behind its investment management and consulting services to look at all other aspects are important to our clients financial life. We break it down into four parts: wealth enhancement, wealth transfer, wealth protection and charitable giving.

Wealth enhancement = minimizing taxes and addressing cash flow issues

Wealth transfer = solutions to ensure an enduring legacy

Wealth protection = strategies to minimize life's potential risks

Charitable giving = elevating your life through meaningful and impactful philanthropy

Through our wealth management process, we are able to identify and address the financial challenges of our clients beyond investment management and consulting. Cogent Strategic Wealth will assist clients in determining the strategies for addressing those challenges. Cogent Strategic Wealth has built a network of specific subject matter professionals who have deep knowledge of cross a range of various specialties. Our professional network of specialist will work alongside and in tandem with our wealth management process.

## **Relationship Management**

Cogent Strategic Wealth is focused on building relationships within three groups. The first and most obvious group is our clients. To address their needs effectively, we must foster solid, trusted relationships with them. Second, the Cogent Strategic Wealth must manage a network of financial professionals- experts we can call in to address specific client needs. Finally, the Cogent Strategic Wealth must be able to work effectively with our client's other professional advisors, such as their attorneys and accountants.

## **Second Opinion Services**

To help those investors questioning the quality of advice they had received from other financial advisors, insurance agents or stockbrokers, Cogent Strategic Wealth offers an independent professional assessment in the form of a second opinion service. These services, as opposed to the comprehensive wealth management offering, will be limited in scope. Second opinion services may include any one of the following: investment policy development, asset allocation analysis, portfolio diversification and construction, fee and cost review, manager selection, performance measurement and evaluation. The second opinion service is offered on a complimentary basis to professionals and business owners



who have either been referred to our firm or who would otherwise match up with our firm's ideal client profile.

Cogent Strategic Wealth offers the same suite of services to all of its wealth management clients. However, specific client Investment Plans and their implementation are dependent upon the client Investment Policy Statement which is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Cogent Strategic Wealth from properly servicing the client account, or if the restrictions would require Cogent Strategic Wealth to deviate from its standard suite of services, Cogent Strategic Wealth reserves the right to end the relationship.

## **Item 5 – Fees and Compensation**

### **Wealth Management Services Fees**

Wealth Management services are provided on a fee-only basis and are based on a percentage of assets that Cogent Strategic Wealth manages according to the schedule below:

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
First \$1,000,000	1.00%
Next \$4,000,000	0.80%
Next \$10,000,000	0.60%
Above \$15,000,000	0.50%

There is a minimum fee of \$2,500 per quarter.

## Employee Benefit Retirement Plan Services

The annual fee for plan services will be charged as a percentage of assets within the plan.

Assets Under Advisement	BAM's Annual Fee	Cogent Strategic Wealth's Annual Fee	Total Fee
On the first \$1,000,000	0.20%	0.70%	0.90%
On the next \$4,000,000	0.15%	0.45%	0.60%
On the next \$5,000,000	0.08%	0.25%	0.33%
On all amounts above \$10,000,000	0.05%	0.15%	0.20%

In certain circumstances, all fees, account minimums and their applications to family circumstances, firm affiliations and certain individual circumstances may be negotiable.

Cogent Strategic Wealth has contracted with BAM Advisor Services, LLC (BAM), for services including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance, and research. Cogent Strategic Wealth has also contracted with BAM for sub-advisory services with respect to clients' fixed income accounts. Cogent Strategic Wealth pays a fee for BAM services based on management fees paid to Cogent Strategic Wealth on accounts that use BAM Advisor Services. The fee paid by Cogent Strategic Wealth to BAM consists of a portion of the fee paid by clients to Cogent Strategic Wealth and varies based on the total client assets participating in BAM Advisor Services through Cogent Strategic Wealth. These fees are not separately charged to advisory clients.

The specific manner in which fees are charged by Cogent Strategic Wealth is established in a client's written agreement with Cogent Strategic Wealth. Clients will be charged in arrears at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value; client account balances on which Cogent Strategic Wealth calculates fees may vary from account custodial statements based on independent asset valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account at the end of the previous quarter. New accounts are charged a prorated fee for the remainder of the quarter in which the account is incepted. Cogent Strategic Wealths charges fees in arrears; no fee refund policy is necessary.

Cogent Strategic Wealth will request authority from the client to receive quarterly payments directly from the client's account held by an independent custodian. Clients may provide written limited authorization to Cogent Strategic Wealth or its designated service provider, BAM, to withdraw fees from the account. Clients will receive custodial statements showing the advisory fees debited from their account(s).

A client agreement may be canceled at any time, for any reason, and by either party upon receipt of 30 days written notice.

Cogent Strategic Wealth's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These fees will generally include a management fee and other fund expenses. All fees paid to Cogent Strategic Wealth for advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders.

Such charges, fees and commissions are exclusive of and in addition to Cogent Strategic Wealth's fee, and Cogent Strategic Wealth shall not receive any portion of these commissions, fees, and costs.

Clients are further responsible for payment of all fees of the professional network specialists referred to in the Advanced Planning section above. Those fees are separate and distinct from the fees and expenses charged by Cogent Strategic Wealth. Please see Item 12 of this brochure regarding broker/custodian.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Cogent Strategic Wealth does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

## **Item 7 – Types of Clients**

Cogent Strategic Wealth generally provides Wealth Management Services to individuals, including high net worth individuals, trusts and charitable organizations.

There is a household account minimum, \$1,000,000, which may be waived by Cogent Strategic Wealth based on the needs of the client and the complexity of the situation.

Our minimum fee for investment services is \$2,500 per quarter. Cogent Strategic Wealth may choose to accept accounts below the minimum and accept lower minimum fees per quarter at its discretion.

Please refer to Item 5 of this Brochure for complete detail.

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

### *Methods of Analysis and Investment Strategy*

Cogent Strategic Wealth's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. Cogent Strategic Wealth's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking. Cogent Strategic Wealth recommends diversified portfolios, principally through the use of passively managed, asset class mutual funds. Cogent Strategic Wealth selects or recommends to clients portfolios of securities, principally broadly-traded open end mutual funds or conservative fixed income securities to implement this investment strategy.

Although all investments involve risk, Cogent Strategic Wealth's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients the investment directly in conservative fixed income securities to represent the fixed income class. Cogent Strategic Wealth's investment philosophy is designed for investors who desire a buy and hold strategy. The frequent trading of securities increases brokerage and other transaction costs that Cogent Strategic Wealth's strategy seeks to minimize.

In the implementation of investment plans, Cogent Strategic Wealth therefore primarily uses mutual funds and, as appropriate, portfolios of conservative fixed income securities. Cogent Strategic Wealth may also utilize Exchange Traded Funds (ETFs) to represent a market sector.

Clients may hold or retain other types of assets as well, and Cogent Strategic Wealth may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

Cogent Strategic Wealth's strategies do not utilize securities that we believe would be classified as having any unusual risks, and we do not recommend frequent trading, which can increase brokerage and other costs and taxes.

Cogent Strategic Wealth receives supporting research from BAM Advisor Services and from other consultants, including economists affiliated with Dimensional Fund Advisors ("DFA"). Cogent Strategic Wealth utilizes DFA mutual funds in client portfolios. DFA mutual funds follow a passive asset class investment philosophy with low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to Cogent Strategic Wealth.

#### *Analysis of a Client's Financial Situation*

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, Cogent Strategic Wealth relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, Cogent Strategic Wealth may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

#### *Risk of Loss*

**Investing in securities involves risk of loss that clients should be prepared to bear.**

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold

is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs utilized by Cogent Strategic Wealth may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

- Among the riskiest mutual funds used in Cogent Strategic Wealth's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.
- Certain funds utilized by Cogent Strategic Wealth may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.
- Cogent Strategic Wealth generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

More information about the risks of any particular market sector can be reviewed in representative prospectuses for funds managing assets within each applicable sector.

In certain limited circumstances, Cogent Strategic Wealth may utilize margin transactions. Margin transactions generally hold greater risk of capital loss and clients should be aware that there is a chance of material risk of loss using any of those strategies.

### *Interval Fund Risk*

An interval fund is a type of closed-end fund containing shares that do not trade on the secondary market. Instead, the fund periodically offers to buy back a percentage of outstanding shares at net asset value.

The rules for interval funds, along with the types of assets held, make this investment largely illiquid compared with other funds. The primary reasons for investors to consider investing in interval funds Cogent Strategic Wealth may utilize include, but are not limited to, gaining exposure to certain risk categories that provide diversified sources of expected returns, part of which may be in the form of illiquidity premiums. Access to the intended risk and expected return characteristics may not otherwise be available in more liquid, traditional investment vehicles.

Where appropriate, Cogent Strategic Wealth may utilize certain interval funds structured as non-diversified, closed-end management investment companies, registered under the Investment Company Act of 1940. Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals. During any time periods outside of the specified repurchase offer window(s), investors will be unable to sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired, and the fund may suspend or postpone purchases. Clients should carefully review the fund's prospectus to more fully understand the interval fund structure and the corresponding liquidity risks. Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some or all of the investment.

The risk of loss described herein should not be considered to be an exhaustive list of all the risks which clients should consider.

### **Item 9 – Disciplinary Information**

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

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

#### **BAM Advisor Services, LLC**

As described above in Item 4, Cogent Strategic Wealth may exercise discretionary authority provided by a client to select an independent third-party investment manager for the management of portfolios of individual fixed income securities. Cogent Strategic Wealth

selects BAM Advisors Services, LLC for such fixed income management. Cogent Strategic Wealth also contracts with BAM Advisor Services, LLC for back office services and assistance with portfolio modeling. Cogent Strategic Wealth has a fiduciary duty to select qualified and appropriate managers in the client's best interest, and believes that BAM Advisor Services, LLC effectively provides both the back-office services that assist with its overall investment advisory practice and fixed income portfolio management services. The management of Cogent Strategic Wealth continuously makes this assessment. While Cogent Strategic Wealth has a contract with BAM Advisor Services, LLC governing a time period for back office services, Cogent Strategic Wealth has no such fixed commitment to the selection of BAM Advisor Services, LLC for fixed income management services and may select another investment manager for clients upon reasonable notice to BAM Advisor Services, LLC.

As a fiduciary, Cogent Strategic Wealth has certain legal obligations, including the obligation to act in clients' best interest. Cogent Strategic Wealth maintains a Business Continuity and Succession Plan and seeks to avoid a disruption of service to clients in the event of an unforeseen loss of key personnel, due to disability or death. To that end, Cogent Strategic Wealth has entered into a succession agreement with Buckingham Asset Management, LLC effective May 1, 2015. Cogent Strategic Wealth can provide additional information to any current or prospective client upon request Michael J. Evans, Managing Member, at 312-382-8388.

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

Cogent Strategic Wealth has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Cogent Strategic Wealth's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth Cogent Strategic Wealth's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with Cogent Strategic Wealth may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of Cogent Strategic Wealth that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, Cogent Strategic Wealth requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's principal. Cogent Strategic Wealth also requires such access persons to receive approval



from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

Cogent Strategic Wealth's Code of Ethics further includes the firm's policy prohibiting the use of material nonpublic information and protecting the confidentiality of client information. Cogent Strategic Wealth requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

Cogent Strategic Wealth will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

It is Cogent Strategic Wealth's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Cogent Strategic Wealth will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated private fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker dealer or has an affiliated broker dealer.

## **Item 12 – Brokerage Practices**

Cogent Strategic Wealth arranges for the execution of securities transactions with the assistance of BAM Advisor Services. Cogent Strategic Wealth participates in the TD Ameritrade Institutional services program ("TD Ameritrade"). TD Ameritrade Institutional is a division of TD Ameritrade, Inc. member FINRA/SIPC. TD Ameritrade is an unaffiliated SEC-registered and FINRA member broker dealer. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. The TD Ameritrade brokerage program will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. Cogent Strategic Wealth regularly reviews this program to ensure that its recommendations are consistent with its fiduciary duty. This trading platform is essential to Cogent Strategic Wealth's service arrangements and capabilities, and Cogent

Strategic Wealth may not accept clients who direct the use of other brokers. As part of this program, Cogent Strategic Wealth receives benefits that it would not receive if it did not offer investment advice (See the disclosure under Item 14 of this Brochure).

As Cogent Strategic Wealth will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid for mutual fund and equity securities transactions, clients must direct Cogent Strategic Wealth as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that Cogent Strategic Wealth will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers.

Cogent Strategic Wealth will not exercise authority to arrange client transactions in fixed income securities. Clients will provide this authority to a fixed income manager retained by Cogent Strategic Wealth on each client's behalf by designating the portfolio manager with trading authority over each client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of the portfolio manager.

TD Ameritrade does not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction related fees for securities trades that are executed through the broker or that settle into the clients' accounts at the brokers. Trading client accounts through other brokers may result in fees (including mark-ups and mark-downs) being charged by the custodial broker or a custodian and an additional broker. The authority of the fixed income portfolio manager includes the ability to trade client fixed income assets through other brokers.

Cogent Strategic Wealth does not have any arrangements to compensate any broker dealer for client referrals.

When trading client accounts, errors may periodically occur. Cogent Strategic Wealth does not maintain any client trade error gains. Cogent Strategic Wealth makes client whole with respect to any trade error losses incurred by client caused by Cogent Strategic Wealth. For clients utilizing TD Ameritrade for brokerage services, TD Ameritrade maintains a policy that any trade error gains will be donated by TD Ameritrade to charity.

Cogent Strategic Wealth does not aggregate any client transactions in mutual funds. Cogent Strategic Wealth may aggregate client transactions in other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which Cogent Strategic Wealth arranges transactions.

BAM Advisor Services, LLC, in the management of fixed income portfolios, will aggregate certain transactions among client accounts that it manages, in which case a Cogent Strategic Wealth client's orders may be aggregated with an order for another client of BAM Advisor Services, LLC who is not a Cogent Strategic Wealth client. See BAM Advisor Services, LLC Form ADV Part 2.

### **Employee Benefit Retirement Plan Services:**

Cogent Strategic Wealth does not arrange for the execution of securities transactions for plans as a part of this service. Transactions are executed directly through employee plan participation.

## **Item 13 – Review of Accounts**

### **Reviews:**

Account assets are supervised continuously and formally reviewed quarterly by Michael J. Evans, Managing Member of Cogent Strategic Wealth. The review process contains each of the following elements:

- a. assessing client goals and objectives;
- b. evaluating the employed strategy(ies);
- c. monitoring the portfolio(s); and
- d. addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a. specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation; and
- d. market/economic conditions.

For fixed income portfolios, certain account review responsibilities are delegated to a third-party investment manager as described above in Item 4.

### **Employee Benefit Retirement Plan Services**

Plan sponsors are provided with quarterly information and annual performance reviews from Cogent Strategic Wealth. In addition, plan participant education information may also

be provided to the Plan Sponsor or Administrator for distribution to the participants of the plan.

### **Reports:**

All clients will receive quarterly performance reports, prepared by BAM and reviewed by Cogent Strategic Wealth, that summarize the client's account and asset allocation. Clients will also receive monthly statements from their account custodian, which will outline the client's current positions and current market value.

### **Employee Benefit Retirement Plan Services**

Plan sponsors are provided with quarterly information and annual performance reviews from Cogent Strategic Wealth. In addition, plan participant education information may also be provided to the Plan Sponsor or Administrator for distribution to the participants of the plan.

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

As indicated under the disclosure for Item 12, the TD Ameritrade program provides Cogent Strategic Wealth with access to services, which are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them.

These services benefit Cogent Strategic Wealth but may not benefit its clients' accounts. Many of the products and services assist Cogent Strategic Wealth in managing and administering clients' accounts. These include software and other technology 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 Cogent Strategic Wealth's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Cogent Strategic Wealth's accounts. TD Ameritrade also makes available to Cogent Strategic Wealth other services intended to help Cogent Strategic Wealth manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. Cogent Strategic Wealth does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While as a fiduciary, Cogent Strategic Wealth endeavors to act in its clients' best interests, Cogent

Strategic Wealth's requirement that clients maintain their assets in accounts at TD Ameritrade may be based in part on the benefit to Cogent Strategic Wealth of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest.

Cogent Strategic Wealth also receives software from DFA, which Cogent utilizes in forming asset allocation strategies and producing performance reports. DFA, through a web-based service, provides referrals of investor clients to Cogent Strategic Wealth. DFA makes such referrals to many investment advisors based on the geographic location of the prospective client. DFA, Bridgeway and AQR also provide continuing education for Cogent Strategic Wealth personnel. These services are designed to assist Cogent Strategic Wealth plan and design its services for business growth.

Cogent Strategic Wealth does not directly or indirectly compensate any person who are not advisory personnel for client referrals.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Cogent Strategic Wealth urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

Cogent Strategic Wealth requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold. For fixed income securities, this authority will include the discretion to retain a third-party money manager for fixed income accounts. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

When selecting securities and determining amounts, Cogent Strategic Wealth observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to Cogent Strategic Wealth in writing.

### **Item 17 – Voting Client Securities**

Proxy Voting: As a matter of firm policy and practice, Cogent Strategic Wealth does not have any authority to and 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. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios. Cogent Strategic Wealth, however, may provide advice to clients regarding the clients' voting of proxies.

Class Actions, Bankruptcies and Other Legal Proceedings: Clients should note that Cogent Strategic Wealth will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct Cogent Strategic Wealth to transmit copies of class action notices to the client or a third party. Upon such direction, Cogent Strategic Wealth will make commercially reasonable efforts to forward such notices in a timely manner.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Cogent Strategic Wealth's financial condition. Cogent Strategic Wealth has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.