

# Disclosure Brochure

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This brochure provides information about the qualifications and business practices of Aveo Capital Partners, LLC. (hereinafter "ACP"). If you have any questions about the contents of this brochure, please contact us at (303)552-0945. 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 ACP is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

ACP is an SEC registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this summary section, we are discussing only material changes from our last ADV amendment. Since our last update to Form ADV Part 2A on March 27, 2019 we have made the following changes to the brochure.

Section 12 – Brokerage Practices –Language was removed that discussed additional benefits being provided by AssetMark to Aveo.

Section 12 – Brokerage Practices – Removed information related to BSAM's QuantX ETF's as a strategy for ACP clients.

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## Item 4. Advisory Business

ACP provides financial planning, investment management services and investment advisory consulting to retirement plan clients and a fiduciary. Prior to engaging ACP to provide any of the foregoing financial planning or investment advisory services, the client is required to enter into one or more written agreements with ACP setting forth the terms and conditions under which ACP renders its services (collectively the “*Agreement*”).

ACP has been in business since 2011. Aveo Capital Holdings, LLC, owned by Keys Tinney, is the managing member of ACP. ACA Holdings, LLC, owned by Brian Rorick and Michael Beermann) and RIA Holdings, LLC, owned by Michael Thompson and Sean Henderson, are members. Andrew Armstrong is ACP’s Chief Compliance Officer. As of March 26, 2019, ACP had \$660,008,598 in regulatory assets under management, of which \$615,350,314 was discretionary, and \$44,658,284 was non-discretionary. Aveo also has assets under advisement of \$86,252,298.

This Disclosure Brochure describes the business of ACP. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of ACP’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on ACP’s behalf and is subject to ACP’s supervision or control.

### Financial Planning Services

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ACP may provide formal financial planning services or financial plans to clients for a fee. ACP clients sign a separate financial planning agreement. In addition, some ACP investment adviser representatives provide clients with a broad range of comprehensive services including insurance, tax and estate planning, college education savings and charitable planning, etc., without charging a separate financial planning fee (see our description of Management Fees below).

In performing its services, ACP is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, agent, etc.) and is expressly authorized to rely on such information. ACP may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if ACP recommends its own services or services of an affiliate or related party. The client is under no obligation to act upon any of the recommendations made by ACP under a financial planning engagement or to engage the services of any such recommended professional, including ACP itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of ACP’s recommendations. Clients are advised that it remains their responsibility to promptly notify ACP if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising ACP’s previous recommendations and/or services.

If the client chooses to use ACP to provide investment management services, the client will sign a separate discretionary investment advisory or investment management agreement.

As part of its client services, ACP IAR’s may elect to enter a non-exclusive relationship to sell insurance products to ACP clients. Such affiliated licensed agents may earn commission on the sale of such insurance products.

## Investment Management Services

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Clients can engage ACP to manage all or a portion of their assets on a discretionary or non-discretionary basis.

ACP investment adviser representatives ("IAR") primarily allocate clients' investment management assets among *Affiliated Managers* and *Unaffiliated Managers* (collectively "Managers" as defined below), mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, option contracts as well as the securities components of variable annuities in accordance with the investment objectives of the client. In addition, ACP may provide due diligence, ongoing monitoring and/or recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include, without limitation, pooled investment vehicles and hedge funds, private equity and venture capital investments, real estate, or other vehicles ("Private Funds"), when consistent with the clients' investment objectives. A client's decision to invest in a Private Fund is done on a non-discretionary basis unless specifically stated in the investment advisory agreement. ACP also provides advice about any type of investment held in clients' portfolios. Unless agreed otherwise, assets designated as Private Funds are subject to the investment advisory fee charged by ACP. However, if ACP clients are invested in Private Funds managed by an affiliate or related person of ACP, no ACP advisory fees are charged on such assets.

Each ACP investment adviser representative ("IAR") has discretion to manage his or her clients' investment management assets using customized portfolio management strategies as well. IAR's can trade individual stocks and bonds, option or other securities, and manage their own portfolio strategies for clients consistent with each clients' investment objectives and risk tolerance goals.

ACP also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, individual employer-sponsored retirement plans, Private Funds, or other products that may not be held by the client's primary custodian. In so doing, ACP either directs or recommends the allocation of client assets among the various investment options that are available with the plan or product. Client assets are maintained at the specific insurance company or custodian designated by the plan or product.

ACP tailors its advisory services to the individual needs of clients. ACP consults with clients initially and on an ongoing basis to develop an investment goals and objectives which determines risk tolerance, time horizon and other factors that may impact the clients' investment needs. ACP ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance. In performing its services, ACP is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, agent, etc.) and is expressly authorized to rely on such information.

Clients are advised to promptly notify ACP if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon ACP's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in ACP's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

ACP IAR's may be registered representatives of an unaffiliated broker/dealer through which they may sell registered securities where the registered representatives may earn a commission. Such commissions are not earned or charged by ACP and are not included in any fees charged by ACP or its Affiliates.

### **Use of Managers**

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As mentioned above, ACP may recommend the active discretionary management of a portion of a client's assets by and/or among certain *Affiliated and Independent Managers* ("*Managers*"), based upon the stated investment objectives of the client.

The client authorizes ACP to delegate discretionary or non-discretionary management of all or part of their assets to one or more *Managers* and/or investment management programs, based upon such client's stated investment objectives. Managers will generally charge a separate investment management fee in addition to ACP's Management.

Clients will generally not be required to execute a separate agreement with the *Managers* (including BSAM); however, if the *Manager* requires a separate agreement (including agreements with unified managed account advisers or platforms), the terms and conditions under which the client engages them will be set forth in a separate written agreement between the client and the designated *Managers*. ACP will generally execute a subadvisory and/or independent management agreement with *Managers* setting forth the terms of their agreement.

When recommending or selecting *Managers* for a client, ACP reviews information about the *Manager* such as its disclosure brochure and/or material supplied by the *Manager* or independent third parties for a description of the *Manager's* investment strategies, past performance and risk results to the extent available. Factors that ACP IARs generally consider in recommending a *Manager* include the client's stated investment objectives, as well as the *Manager's* management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by *Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, are generally exclusive of, and in addition to, ACP's investment advisory fee set forth below. As discussed above, the client may incur additional fees than those charged by ACP, the designated *Managers*, and corresponding broker-dealer and custodian.

In addition to ACP's written disclosure brochure, the client may receive the written disclosure brochure of *Managers* upon request. Certain *Managers* may impose more restrictive account requirements and varying billing practices than ACP. In such instances, ACP may alter its corresponding account requirements and/or billing practices to accommodate those of the *Managers*.

### **Minimums Imposed by Independent Managers**

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Certain *Managers* may, however, impose more restrictive account requirements and varying billing practices than ACP. In such instances, ACP may alter its corresponding account requirements and/or billing practices to accommodate those of the *Managers*.

## Item 5. Fees and Compensation

ACP offers its services on a fee basis, which may include fixed fees, as well as fees based upon assets under management.

### Investment Advisory and Management Fee

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ACP provides investment advisory and management services for an annual fee based upon a percentage of the market value of the assets being managed by ACP (Management Fee"). ACP's investment adviser representatives (IAR's) may provide investment management and a variety of financial and wealth planning services (see Financial Planning services described above) without charging an additional financial planning fee. ACP's Management Fee is exclusive of, and in addition to, investment management fees charged by *Affiliated and Independent Managers*, brokerage commissions, transaction fees, and other related costs and expenses, which are incurred by the client. ACP does not receive any portion of brokerage commissions, transaction fees or other expenses charged by Custodians. No portion of the Management Fee shall be based on capital gains or capital appreciation of the assets except as provided herein and provided for under the Investment Advisers Act of 1940, as amended (the "Advisers Act") and analogous state securities laws. The annual Management Fee varies (typically between 0.50% and 2%) depending upon the market value of the assets under management and the type of investment management and other planning services to be rendered and may be reduced or waived at ACP's sole discretion.

The Management Fee is charged quarterly in advance based on the value of the account at the end of the previous quarter as determined by the custodian. The Management Fee for the initial quarter is calculated on a pro rata basis commencing on the day the assets are initially designated to us for management. Clients may make additions to and withdrawals from the account at any time, subject to our right to terminate an account. If funds are deposited to or withdrawn from an account in an amount that collectively exceeds \$10,000 after the inception of a quarter, the Management Fee payable with respect to the deposited or withdrawn assets will be billed prorated in arrears and applied to the next quarterly billing cycle.

### Financial Planning Fees

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ACP IARs may charge financial planning fees separately for such services in addition to the agreed upon Management Fee. Financial planning fees can be a negotiated flat or minimum annual fee or hourly fee. A typical minimum or annual fee can range from \$2,500 to \$5,000, or hourly fees of between \$150-\$500 per hour. Financial planning fees can be significantly higher depending on the complexity of the client's needs and financial situation. All fee arrangements are authorized in writing by each to ensure clients understand all fees being charged. Such fees are in addition to any Management Fees set forth above and negotiated with each client separately, unless otherwise set out in the Investment Management Agreement. To pay for such services, clients may pay by check, ACH withdrawal from checking account, credit card, or provide us with written authorization to debit an investment account on the client's behalf.

## **Fees Charged by Financial Institutions & Managers**

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Clients may incur certain charges imposed by the Financial Institutions, Managers and other third parties such as Manager fees, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will generally incur brokerage commissions, transaction fees and platform service fees. Such charges, fees and commissions are exclusive of and in addition to ACP's Management Fee.

ACP's Agreement and the separate agreement with any Financial Institutions may authorize ACP or *Managers* to debit the client's account for the amount of their respective fees and to directly remit that management fee to ACP or the *Managers*. ACP directly deducts fees when available. Any Financial Institutions recommended by ACP have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to ACP.

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

ACP does not currently enter into performance-based fee arrangements with clients.

## **Item 7. Types of Clients**

ACP provides its services to individuals, retirement plans and participants, IRAs, trusts, estates, charitable organizations, other investment advisers, corporations and business entities.

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

### **Methods of Analysis**

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ACP's primary methods of analysis are fundamental and technical.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. When employing fundamental analysis, ACP IARs will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that ACP will be able to accurately predict such a reoccurrence.



## **Investment Strategies**

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ACP strives to provide each client with a sustainable investment experience. ACP pursues a consistent strategy tailored to each client's risk tolerance, as described in each client's investment profile, to build client portfolios. ACP builds client portfolios according to the following process:

- Identifies client's risk tolerance;
- Defines the client's time horizon;
- Ensures that the client's liquidity needs are assessed and met; and
- Defines market metrics, which include volatility, drawdown and correlation.

## **Risks of Loss**

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### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders' fees (e.g., sales loads, purchase fees, redemption fees). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Leveraged Funds*

As the name implies, leveraged mutual funds and ETFs seek to provide leveraged returns at multiples of the underlying benchmark or index they track. Leveraged funds generally seek to provide a multiple (e.g., 200%, 300%) of the daily return of an index or other benchmark for a single day excluding fees and other expenses. In addition to using leverage, these funds often use derivative products such as swaps, options, and futures contracts to accomplish their objectives. The use of leverage as well as derivative instruments can cause leveraged funds to be more volatile and subject to

extreme price movements. It can also cause a portfolio to become more or less concentrated in a particular asset class allocation.

#### *Inverse Funds*

Inverse mutual funds and ETFs, which are sometimes referred to as "short" funds, seek to provide the opposite of the performance of the index or benchmark they track. Inverse funds are often marketed as a way to profit from, or hedge exposure to, downward moving markets. Some inverse funds also use leverage, such that they seek to achieve a return that is a multiple of the opposite performance of the underlying index or benchmark (i.e., -200%, -300%). In addition to leverage, these funds may also use derivative instruments to accomplish their objectives. As such, inverse funds are volatile and provide the potential for significant losses.

#### *Risks Associated with Leveraged and Inverse Funds*

These funds can be volatile and carry a high risk of substantial losses. Such funds are considered speculative investments and should only be used by investors who fully understand the risks and are willing and able to absorb potentially significant losses. Most leveraged and inverse funds "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effect of compounding, the return for investors who invest for a period different than one trading day may vary significantly from the fund's stated goal as well as the target benchmark's performance. This is especially true in very volatile markets or if a leveraged fund is tracking a very volatile underlying index. Investments in leveraged and inverse funds are typically not appropriate for a buy-and-hold strategy.

#### *Market Risks*

The profitability of a significant portion of ACP's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that ACP will be able to predict those price movements accurately. As interest rates rise or fall within the US or global economy, fixed income investments may experience higher volatility and downward price movements as interest rates rise.

#### *Use of Affiliated and Independent Managers*

ACP may recommend the use of *Managers* for certain clients. ACP will continue to do ongoing due diligence of such *Managers*, but such recommendations rely on the *Affiliated and Independent Managers* ability to successfully implement their investment strategy. In addition, ACP does not have the ability to supervise the *Managers* on a day-to-day basis other than as previously described in response to Item 4, above. There is a risk that *Managers* may fail to abide by their respective stated investment policies and guidelines when managing client assets on our recommendation.

#### *Use of Private Pooled Investment Vehicles*

ACP may recommend the investment by certain clients in privately placed pooled investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby

potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, and their investment managers may not be registered as investment advisers with the SEC or state regulatory authorities, there may be an absence of regulatory oversight. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks. For example, hedge funds typically charge higher fees than are charged through separately managed accounts or direct management, often have restrictions on the ability to withdraw assets from the funds, and are subject to manager fraud risk, especially if such managers have custody of client funds and securities.

#### *Management Through Similarly Managed Accounts*

For certain clients, ACP may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “*investment strategy*”). In so doing, ACP buys, sells, exchanges and/or transfers shares of securities based upon the *investment strategy*. ACP and its IARs may also blend their own portfolio management strategies with one or more BSAM strategies.

ACP’s management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client’s individual tax ramifications. Certain investment opportunities that become available to ACP’s clients may be limited. ACP allocates investment opportunities among its clients on a fair and equitable basis.

#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## **Item 9. Disciplinary and Regulatory Information**

ACP is required to disclose the facts of any legal or disciplinary events that are material to a client’s evaluation of its advisory business or the integrity of management. At the inception of ACP the Colorado Division of Securities issued a heightened supervision order requiring ACP to maintain a relationship with an approved compliance consultant. The order was lifted December 31, 2013. ACP has no further required disclosures in this Item 9.

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

#### ***Blue Sky Asset Management, LLC***

Blue Sky Asset Management, LLC (“BSAM”), is an affiliated registered investment adviser of ACP. BSAM provides asset management and administrative services to ACP. ACP IARs may engage BSAM to help them to manage all or a portion of their clients’ assets in separately managed accounts for an additional fee.

BSAM provides these administrative and consultative services on a co-discretionary or non-discretionary manner to ACP and its IARs by providing suggested model portfolio allocations and/or other investment products to assist the

IARs to construct suitable investment portfolios for their Advisory Clients. Once the adviser designates the portfolio they wish to implement for their Advisory Client, the IAR then instructs BSAM to implement and maintain the selected portfolio in the client account(s). BSAM does not provide ongoing investment portfolio supervisory services for such accounts.

BSAM charges additional fees for these services. They are generated as a percentage of assets under advisement for strategies (typically 0-60 bps per year charged quarterly in advance). This is in addition to any advisory fee charged by Aveo.

The relationship between ACP and BSAM represents a conflict of interest because ACP and BSAM are under common control and have a financial interest in designating *Affiliated Managers* such as BSAM, which will charge separate and additional fees to advisory clients, to manage ACP advisory client assets. BSAM and ACP mitigate these conflicts by ensuring that all such fees are reasonable in aggregate, are disclosed to clients. The Adviser Client and its IARs are also obligated to make investment recommendations and decisions that are in the best interest of their clients.

### ***Axcent Private Capital, LLC***

Axcent Private Capital, LLC ("Axcent") is an affiliated investment advisory firm that is adviser to affiliated pooled investment vehicles, the Axcent Litigation Finance Fund, L.P. and the Axcent Greenhouse Fund I, LLC ("Axcent Funds"). BRHT Management, LLC is the general partner of the Axcent Litigation Finance Fund, L.P.; GH Fund I Manager, LLC is the managing member of the Axcent Greenhouse Fund I, LLC (collectively the Axcent GPs"). The members of Axcent and the Axcent GPs are related persons and IARs of ACP. IARs of ACP may recommend, on a non-discretionary basis, that clients invest in the Axcent Fund. Axcent (or BRHT Management, LLC) does not charge a management fee, but does earn carried interest (performance fee) as set forth in the Axcent Fund's offering documents for the Axcent Litigation Finance Fund, L.P. The Axcent Litigation Finance Fund, L.P. will only admit investors which are Qualified Purchasers as defined in Section 2(a)(51)(A) of the Investment Company Act, unless by side agreement. The Axcent Greenhouse Fund I, LLC is available to Accredited Investors, as the Greenhouse Fund does not charge performance fees to members. The members of Axcent, through BR Ventures, Ltd. own a non-equity profit interest in Natural Produce, LLC, which owns farming operations including the Greenhouses in which the Axcent Greenhouse Fund I, LLC invests. Mr. Rorick is also the CEO of Organic Vines. Axcent Greenhouse Fund I holds an equity stake in Organic Vines. Mr. Rorick's compensation goes directly to the GP entity of the GH Fund I. This creates a conflict of interest in that members of Axcent may recommend products that directly benefit them. These conflicts are mitigated by ensuring that all conflicts are disclosed to clients.

Axcent may serve as investment adviser to new private funds from time to time with different offering terms and conditions. These relationships represent a conflict of interest with ACP, which is mitigated by our transparent disclosures of such relationships and our policy of not charging ACP clients an investment advisory fee for assets invested in the Axcent Fund.

### ***Atlas Investment Group, LLC***

Atlas Investment Group, LLC ("Atlas") is a related exempt reporting adviser and general partner to an affiliated pooled investment vehicle, the Atlas Strategic Opportunities Fund, L.P. ("Atlas Fund"). Michael Thompson, the sole member

of Atlas is an owner and IAR of ACP. The Atlas Fund is currently available only to family and clients of Mr. Thompson which are sophisticated investors who are Qualified Clients as defined in Rule 205-3 under the Advisers Act and have carefully evaluated investing in the Atlas Fund. Note that since Atlas is an Exempt Reporting Adviser, it and the Atlas Fund are not generally subject to SEC or State regulatory oversight. Under CO law, Exempt Reporting Advisers are required to accept only Qualified Clients as investors and obtain audited financial statements for all private funds it manages. This relationship represents a conflict of interest which is mitigated by our transparent disclosures of such relationships and our policy of not charging ACP clients an investment advisory fee for assets invested in the Atlas Fund. In addition, Atlas Fund investors will receive additional disclosures provided by Atlas regarding conflicts of interest and Atlas compensation.

### ***Brokerage, Advisory Groups and Insurance***

ACP's IARs may be registered representatives of an unaffiliated broker-dealer or insurance company agents for the purpose of offering additional products to ACP's clients through affiliated and non-affiliated insurance general agencies. ACP's affiliated insurance agency is Aveo Group, LLC and Legacy Wealth Partners, LLC. ACP IARs will typically receive additional compensation for the sale of such products to clients. ACP's office serves as a branch office of Stephen A. Kohn & Associates, Ltd. ("Kohn"). ACP monitors the relationship between its IARs and the broker-dealer or insurance company for any potential conflicts of interest that may arise and, should such an event occur, ACP has implemented policies and procedures to mitigate such conflicts, including a prohibition on charging Management Fees on assets under management for which IARs earn commissions. All of ACP's clients are informed of the IAR's relationship with the broker-dealer and/insurance agency in advance if, and when, a broker-dealer or insurance related product or service is being discussed.

As noted below some of ACP IARs also earn fees associated with managing private investment pools in which clients may invest. To the extent clients invest in such related or affiliated private products, they are not charged ACP Management Fees for the amount of their capital commitments.

ACP investor advisory groups may offer investment advisory and financial planning services through their advisory group affiliated entity, such as Legacy Wealth Partners, LLC (LWP). LWP is an affiliated entity for one of our advisory groups, which operates under the ACP umbrella under the LWP name. Investment advisory and financial planning services are provided through ACP. LWP is also an insurance agency through which it provides insurance products to clients and will earn commission on the sale of such separate from investment advisory fees.

## **Item 11. Code of Ethics**

ACP and persons associated with ACP ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with ACP's policies and procedures.

ACP has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by ACP or any of its associated persons. The Code of

Ethics also requires that certain of ACP's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

ACP's Code of Ethics requires ACP to monitor personal securities transactions of Associated Persons, including pre-approval for IPO, Limited Offerings and other transactions which create a risk such Associated Persons are trading in conflict with transactions of ACP.

Clients and prospective clients may contact ACP to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

ACP generally recommends that clients utilize the brokerage and clearing services of national custodians with whom ACP has authority to manage client accounts (collectively an account "Custodian"). Account Custodians also act as broker-dealer to effect client transactions.

Factors which ACP considers in recommending any Custodian to clients include their respective financial strength, reputation, execution, pricing, research and service. Custodians typically enable ACP to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by any custodian may be higher or lower than those charged by other Financial Institutions.

The commissions paid by ACP's clients comply with ACP's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where ACP determines that the commissions are reasonable in relation to the value of the brokerage and research services received. 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 Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. ACP seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

ACP periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

ACP currently does not have any directed brokerage agreements with clients and does not intend to enter into such. If an ACP and a client do enter into any directed brokerage agreement, such will be executed through a written amendment to such client's client agreement.

Transactions for each client generally will be effected independently, unless ACP decides to purchase or sell the same securities for several clients at approximately the same time. ACP may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among ACP's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among ACP's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that ACP determines to aggregate client orders for the purchase or sale of securities, including securities in which ACP's Supervised Persons may invest, ACP generally does so in accordance with applicable rules promulgated

under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. ACP does not receive any additional compensation or remuneration as a result of the aggregation. In the event that ACP determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, ACP may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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 ACP in its investment decision-making process. Such research generally will be used to service all of ACP'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 ACP does not have to produce or pay for the products or services.

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#### **Business Development Allowance Provided by Financial Institutions**

ACP may receive from TD Ameritrade, without cost to ACP, computer software and related systems support, which allow ACP to better monitor client accounts maintained at TD Ameritrade. ACP may receive the software and related support without cost because ACP renders investment management services to clients that maintain assets at TD Ameritrade. The software and related systems support may benefit ACP, but not its clients directly. In fulfilling its duties to its clients, ACP endeavors at all times to put the interests of its clients first. Clients should be aware; however, that ACP's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence ACP's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

ACP participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services, which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program. There is no direct link between ACP's participation in the program and the investment advice it gives to its clients, although ACP receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Additionally, ACP may

receive the following benefits from TD Ameritrade through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; custody of securities; trade execution and clearance and settlement of transactions; access to an electronic communication network for client order entry and account information; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors.

These products or services may assist ACP in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help ACP manage and further develop its business enterprise. The benefits received by ACP's participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by ACP or its related persons in and of itself creates a potential conflict of interest and may indirectly influence ACP's recommendation of TD Ameritrade for custody and brokerage services.

ACP also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Orion Adviser Services, Inc.

TD Ameritrade provides the Additional Services to ACP in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. ACP and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

ACP's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to ACP, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, ACP's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with ACP, in its sole discretion, provided certain conditions are met. Consequently, to continue to obtain the Additional Services from TD Ameritrade, ACP may have an incentive to recommend to its clients that the assets under management by Advisor ACP be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. ACP's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

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

For those clients to whom ACP provides investment management services, ACP monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least an annual basis by the responsible IAR.



Such account reviews may take place as in-person meetings, telephone calls or other types of meetings with the client. ACP's compliance department also conducts sample account reviews on a periodic basis. For those clients to whom ACP provides financial planning services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of ACP's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with ACP and to keep ACP informed of any changes thereto. ACP contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from custodian for their accounts.

Those clients to whom ACP provides financial planning services typically will receive reports from ACP summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by ACP.

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

ACP is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, ACP is required to disclose any direct or indirect compensation that it provides for client referrals. ACP IARs may use turn-key asset management programs, which are structured as a solicitor arrangement. In such cases, ACP clients under such arrangements will sign an ACP client agreement, but will not be charged ACP advisory fees in addition to the solicitor fee paid to the ACP IAR.

## **Item 15. Custody**

ACP is, for the limited purpose of complying with Rule 275.206(4)-2, considered to have custody of client assets because it has authority to deduct Management Fees directly from client accounts. As such, all client assets are maintained at a qualified custodian, which sends statements directly to clients at least quarterly. We do not open custodial accounts on a client's behalf—each client executed a custodial agreement with the account custodian.

## **Item 16. Investment Discretion**

ACP is generally given the authority to exercise discretion on behalf of clients. ACP is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. ACP is given this authority through a power-of-attorney included in the agreement between ACP and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). ACP takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Affiliated or Independent Managers to be hired or fired.

## **Item 17. Voting Client Securities**

ACP will not generally accept the responsibility for voting client securities (proxies) on behalf of its clients. In the rare occasion where ACP accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully described in ACP's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in ACP's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact ACP to request information about how ACP voted proxies for that client's securities or to get a copy of ACP's Proxy Voting Policies and Procedures.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that ACP maintains with persons having an interest in the outcome of certain votes, ACP takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

## **Item 18. Financial Information**

ACP does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, ACP is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. ACP has no disclosures pursuant to this Item.