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**Item 1: Cover Page**  
**Part 2A of Form ADV: Firm Brochure**  
**May 30, 2019**

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**President & Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Spelts Wealth Management, Inc. If clients have any questions about the contents of this brochure, please contact us by telephone at (530) 891-0717 or email [mark@speltswm.com](mailto:mark@speltswm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #158321.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

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## **Item 2: Material Changes**

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Spelts Wealth Management, Inc. is required to make clients aware of information that has changed since the last annual update to the Firm Brochure ("Brochure") and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

This update is in accordance with the required annual update for Registered Investment Advisors. Since the last annual amendment filed on June 7, 2018, the following changes have been made:

1. Item 4 has been updated to disclose our most recent calculation for client assets under management.

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### Item 3: Table of Contents

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## Item 4: Advisory Business

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### Firm Description

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Our firm is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed under the laws of the State of California in 2010 and has been in business as an investment adviser since 2012. Our firm is wholly owned by Mark Spelts.

Our firm provides asset management for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As a fiduciary it is our duty to always act in the client's best interest. This is accomplished in part by knowing the client. Our firm has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

### Types of Advisory Services Offered

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#### Wrap Asset Management:

We offer asset management services on a Wrap Fee basis only. Please see our separate Wrap Fee Program Brochure for complete information regarding this advisory service.

#### Portfolio Monitoring:

Our Portfolio Monitoring Service provides for safekeeping/housekeeping of assets on behalf of clients with no on-going supervision, trading, or discretion with respect to securities transactions. Clients are responsible for placing and executing their own trades, either on their own or with another investment adviser. We provide non-continuous and periodic outside account monitoring.

#### ERISA Plan Services

We provide services to qualified and non-qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit sharing plans, cash balance plans, and deferred compensation plans. We may act as either a 3(21) and/or 3(38) advisor:

**Limited Scope ERISA 3(21) Fiduciary.** We may act as a limited scope ERISA 3(21) fiduciary that can advise, help and assist plan sponsors with their investment decisions on a non-discretionary basis. As an investment advisor NPF has a fiduciary duty to act in the best interest of the client. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using us can help the plan sponsor delegate liability by following a diligent process.

#### 1. Fiduciary Services are:

- Provide non-discretionary investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Client will make the final decision regarding the initial selection, retention, removal and addition of investment options.

- Assist the Client in the development of an investment policy statement (“IPS”). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.
- Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5) and 404(a)-5.
- Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.
- Meet with Client on a periodic basis to discuss the reports and the investment recommendations.

2. Non-fiduciary Services are:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands the Advisor’s assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor’s definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, the Advisor is not providing fiduciary advice as defined by ERISA 3(21)(A)(ii) to the Plan participants. Advisor will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

We may provide these services or, alternatively, may arrange for the Plan’s other providers to offer these services, as agreed upon between us and the Client.

3. We have no responsibility to provide services related to the following types of assets (“Excluded Assets”):

1. Employer securities;
2. Real estate (except for real estate funds or publicly traded REITs);
3. Stock brokerage accounts or mutual fund windows;
4. Participant loans;
5. Non-publicly traded partnership interests;
6. Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
7. Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to us under this Agreement.

Specific services will be outlined in detail to each plan in the 408(b)2 disclosure.

**3(38) Investment Manager.** We can also act as an ERISA 3(38) Investment Manager in which it has discretionary management and control of a given retirement plan's assets. We would then become solely responsible and liable for the selection, monitoring and replacement of the plan's investment options.

1. Fiduciary Services are:

- Adviser has discretionary authority and will make the final decision regarding the initial selection, retention, removal and addition of investment options in accordance with the Plan's investment policies and objectives.
- Assist the Client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- Assist the Client in the development of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the Plan.
- Provide discretionary investment advice to the Client with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5).

2. Non-fiduciary Services are:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands the Adviser's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, the Adviser is not providing fiduciary advice as defined by ERISA to the Plan participants. Adviser will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

We may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between us and the Client.

3. We have no responsibility to provide services related to the following types of assets ("Excluded Assets"):

- a. Employer securities;
- b. Real estate (except for real estate funds or publicly traded REITs);
- c. Stock brokerage accounts or mutual fund windows;
- d. Participant loans;
- e. Non-publicly traded partnership interests;

- f. Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
- g. Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to the Adviser under this Agreement.

#### **Monthly Newsletter:**

We may provide a monthly newsletter at no cost to our clients. Our monthly newsletter may include updates on the economy and financial markets.

#### **Client Tailored Services and Client Imposed Restrictions**

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Our firm offers individualized investment advice to our Wrap Asset Management clients. General investment advice will be offered to our Portfolio Monitoring

Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without prior written client consent.

#### **Wrap Fee Programs**

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Our firm only offers wrap fee accounts to our clients, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. Please see our Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") for more information.

#### **Client Assets Under Management**

Our firm managed approximately \$107,000,000 on a discretionary basis as of May 13, 2019.

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### **Item 5: Fees & Compensation**

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#### **Methods of Compensation and Fee Schedule**

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##### **Wrap Asset Management:**

Please see our Wrap Fee Program Brochure.

**Portfolio Monitoring:**

The annual fee charged for this service is 0.25% of the assets being monitored. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Clients will be directly billed for our portfolio monitoring service. Our bill is due and payable within thirty (30) days.

**ERISA Plan Services**

The annual fees are based on the market value of the Included Assets and will not exceed 1%. Fees are charged quarterly in advance based on the assets as calculated by the custodian or record keeper of the Included Assets (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets) on the last business day of the previous quarter. If the services to be provided start any time other than the first day of a quarter, the fee will be prorated based on the number of days remaining in the quarter. If this Agreement is terminated prior to the end of the fee period, Client shall be entitled to a prorated refund based on the number of days during the fee period services were not provided.

The compensation for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees. Client may elect to be billed directly or have fees deducted from Plan Assets. We do not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, we will disclose this compensation, the services rendered, and the payer of compensation. We will offset the compensation against the fees agreed upon under this Agreement.

**Client Payment of Fees**

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Investment management fees are billed quarterly, in advance, meaning that we charge you at the beginning of the quarter; or they are charged daily, depending on the custodian holding the assets. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account. An invoice will be sent to the client each time a fee is deducted from the client's account.

**Additional Client Fees Charged**

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Wrap fee clients will not incur transaction costs for trades. More information about this can be found in our separate Wrap Fee Program Brochure.

**Prepayment of Client Fees**

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We collect investment advisory fees in advance. The client will receive a pro rata refund if the agreement is terminated during the quarter.



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**Termination & Refunds**

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Either party may terminate the advisory agreement signed with our firm for Wrap Asset Management or Portfolio Monitoring services in writing at any time. Upon notice of termination our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance at the beginning of the quarter.

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**External Compensation for the Sale of Securities to Clients**

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Our firm and representatives do not sell securities for a commission.

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**Item 6: Performance-Based Fees & Side-By-Side Management**

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**Additional Compensation and Sharing of Capital Gains**

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Our firm does not charge performance-based fees.

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**Item 7: Types of Clients & Account Requirements**

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**Description**

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Our firm has the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, Limited Liability Companies and/or Other Business Types

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**Account Minimums**

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Our requirements for opening and maintaining accounts or otherwise engaging us:

- Our firm requires a minimum account balance of \$250,000 for our Wrap Asset Management service. This minimum account balance requirement is negotiable on a case by case basis but is generally required to be maintained throughout the course of the client's relationship with our firm.

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**Item 8: Methods of Analysis, Investment Strategies & Risk of Loss**

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**Methods of Analysis**

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

- Point & Figure
- Charting
- Fundamental
- Technical
- Cyclical

Our firm strives to avoid risks of any one method by incorporating several methods.

### **Investment Strategy**

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We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

- Long Term Purchases (Securities Held At Least a Year);
- Short Term Purchases (Securities Sold Within a Year);
- Trading (Securities Sold Within 30 Days);
- Short Sales;
- Margin Transactions; and
- Option Writing, including Covered Options, Uncovered Options or Spreading Strategies

### **Security Specific Material Risks**

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Investing in securities involves risk of loss that clients should be prepared to bear. While securities may increase and the account(s) could enjoy a gain, it is also possible that securities may decrease and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in securities, are appropriately diversified in investments, and ask any questions.

### **Description of Material, Significant or Unusual Risks**

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Our firm generally invests client cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, our firm tries to achieve the highest return on client cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to our Wrap Asset Management service.

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## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

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There are no criminal or civil actions to disclose.

### **Administrative Enforcement Proceedings**

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There are no administrative actions to disclose.

### **Self-Regulatory Organization Enforcement Proceedings**

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There are no self-regulatory organization enforcement proceedings to disclose.

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## **Item 10: Other Financial Industry Activities & Affiliations**

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### **Broker-Dealer or Representative Registration**

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We are not registered as a broker-dealer, however, we have affiliated persons who are registered representatives of a broker-dealer.

### **Futures or Commodity Registration**

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Neither our firm nor any affiliated persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### **Self-Regulatory Organization Enforcement Proceedings**

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There are no self-regulatory organization enforcement proceedings to disclose.

### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

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Representatives of our firm are licensed insurance agents/brokers with various insurance companies/agencies and/or representatives of a broker dealer. They may offer financial products and receive customary fees as a result of the sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn. In order to minimize this conflict of interest, our representatives will place client interests ahead of their own interests and will adhere to our firm's Code of Ethics as well as clearly explaining this conflict when recommending any such products to our clients. Clients are not obligated to purchase insurance products through our firm's representatives.

### **Recommendations or Selections of Other Investment Advisers and Conflicts of Interest**

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We do not currently recommend or select other investment advisers.

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

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### **Code of Ethics Description**

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As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

### **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients unless as part of a block trade. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

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## **Item 12: Brokerage Practices**

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### **Factors Used to Select Broker-Dealers for Client Transactions**

Our firm does not maintain custody of client assets. Client assets must be maintained by a qualified custodian. Our firm seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. The factors considered, among others, are these:

- Timeliness of execution

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

With this in consideration, our firm 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. Our firm receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14 of this Brochure.)

As part of the arrangement described, TD Ameritrade also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by TD Ameritrade directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by TD Ameritrade to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by TD Ameritrade to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services for no additional cost, we may have an incentive to continue to use or expand the use of TD Ameritrade’s services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with TD Ameritrade and we have determined that the relationship is in the best interest of our firm’s clients and satisfies our client obligations, including our duty to seek best execution.

TD Ameritrade charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). TD Ameritrade enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. TD Ameritrade’s commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by TD Ameritrade may be higher or lower than those charged by other custodians and broker-dealers.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

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### **Soft Dollars**

Our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm will generally be used to service all of our clients but not necessarily all at any one particular time.

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### **Client Brokerage Commissions**

TD Ameritrade does not make client brokerage commissions generated by client transactions available for our firm's use.

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### **Client Transactions in Return for Soft Dollars**

Our firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

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### **Brokerage for Client Referrals**

Our firm does not receive brokerage for client referrals.

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### **Directed Brokerage**

Neither our firm nor any of our firm's representatives have discretionary authority in making the determination of the brokers-dealers and/or custodians with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. Our firm routinely requires that clients direct us to execute through a specified broker-dealer. Our firm recommends the use of TD Ameritrade. Each client will be required to establish their account(s) with TD Ameritrade if not already done. Please note that not all advisers have this requirement.

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### **Client-Directed Brokerage**

Our firm allows clients to direct brokerage. Our firm may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because our firm may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

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### **Aggregating Securities Transactions for Client Accounts**

Our firm provides investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same

security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when our firm believes that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, our firm attempts to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

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### **Item 13: Review of Accounts or Financial Plans**

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#### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

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Our management personnel or financial advisors review accounts on at least a weekly basis for our Wrap Asset Management and Portfolio Monitoring clients. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable.

#### **Review of Client Accounts on Non-Periodic Basis**

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Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

#### **Content of Client Provided Reports and Frequency**

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Clients receive written accounts statements no less than quarterly for managed accounts by our custodian. Our firm does not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients.

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### **Item 14: Client Referrals & Other Compensation**

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#### **Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

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As disclosed above, our firm participates in TD Ameritrade's institutional customer program and may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving the 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 us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, our firm endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

We also receive 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 Morningstar Office.

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

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

### **Advisory Firm Payments for Client Referrals**

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Our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

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## **Item 15: Custody**

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### **Account Statements**

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Our firm does not have custody of client funds or securities. All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements



include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

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## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

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Wrap Asset Management clients are required to provide our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold.

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## **Item 17: Voting Client Securities**

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### **Proxy Votes**

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Our firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, our firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

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## **Item 18: Financial Information**

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### **Balance Sheet**

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Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees and six or more months in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

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Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

### **Bankruptcy Petitions During the Past Ten Years**

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Our firm has never been the subject of a bankruptcy proceeding.