

# **Meg Green & Associates, Inc.**

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## **FORM ADV PART 2 BROCHURE**

This brochure provides information about the qualifications and business practices of Meg Green & Associates, Inc. If you have any questions about the contents of this brochure, please contact us at 954-289-9000. 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 Meg Green & Associates, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Meg Green & Associates, Inc. is 284866.

Meg Green & Associates, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 27, 2018, we have updated our disclosure brochure to reflect changes made to our investment advisory agreement related to the UMA/SMA and Adviser as Portfolio Manager (APM) Programs. Additionally, we amended our brochure to reflect that we recommend the brokerage and custodial services of Fidelity Brokerage Services LLC ("Fidelity"), and disclosed benefits we may receive as a participant on Fidelity's platform.

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## Item 4 Advisory Business

### Description of Services and Fees

We are a registered investment adviser based in Plantation, Florida. We are organized as a sub-Chapter S corporation under the laws of the State of Florida. We have been providing investment advisory services since 1989. Todd Battaglia is the principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Financial Planning Services**
- **Investment Management Services**

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our" and "us" refer to Meg Green & Associates, Inc. and the words "you," "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Financial Planning Services

We offer broad-based and one-time consultative financial planning services. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

### Investment Management Services

We offer non-discretionary and discretionary investment management services as described below.

#### SEI Program

We may recommend that our clients allocate investment assets among the various mutual fund asset allocation models, underlying mutual funds, and/or independent investment manager programs offered through SEI Investments Company ("SEI"). SEI is a global asset management company and sponsor of its own proprietary mutual funds. SEI Trust Company, a subsidiary of SEI, serves as custodian for each SEI account, and provides each client with reporting services, including consolidated monthly statements, quarterly performance reports, and year-end tax reports. SEI enables investment advisers such as our firm to offer these programs that are not otherwise available to the general public. As part of its overall investment management program, SEI offers monthly rebalancing of each client's investment assets for the purpose of maintaining the assets in accordance with the client's previously

designated percentage (%) asset allocations for the SEI account. Our management services through SEI is offered on a non-discretionary basis; therefore, your approval must be obtained before transactions are executed on behalf of your account.

#### UMA/SMA Program

Through arrangements with third-party service providers, we have access to third-party investment models, third-party investment managers, mutual funds, exchange traded funds, portfolio maintenance tools and portfolio trade order processing services as needed to achieve your financial and investment objectives.

As part of these discretionary management services, we will assist you in selecting a third-party investment program in which to invest after gathering information about your financial situation and objectives. Once you have selected an investment program, we will be responsible for the continuous monitoring and ongoing management of your investment account based on the most recent statement of investment objectives you have provided us in writing.

We will grant the active discretionary management of all or part of your investment account to one or more independent investment managers and/or investment management programs ("Independent Managers") based on your stated investment objectives. Discretionary authorization will permit the Independent Managers to buy, sell, exchange, convert or otherwise trade in any securities and to further delegate such discretionary authority to other Independent Managers.

You will have the opportunity to place reasonable restrictions on the management of your account(s), or modify existing restrictions. You must provide these restrictions and/or modifications to us in writing.

#### Adviser as Portfolio Manager Program (APM)

Under this program, we will establish various model investment portfolios that consist of exchange traded funds, mutual funds, individual stocks, or a combination thereof (collectively "securities"). We will determine the universe of securities and asset allocations included in the model portfolios. Each model portfolio represents an asset allocation designed to accommodate a different investment objective. Based upon the written information provided in your statement of investment objectives, we will determine the suitability of the model portfolio(s) and establish an asset allocation policy. We shall have discretionary authority to reallocate your portfolio to maintain adherence to the model portfolio(s) and to change asset allocation policy if deemed necessary to meet your long term objectives. We retain the absolute authority to and may change the asset allocation and securities in the models. Such changes in the assets within a given model will generally be effected on a quarterly basis. You agree and acknowledge that there is no guarantee that following a strategic asset allocation strategy will produce favorable results.

#### **General - Advisory Services to Retirement Plans and Plan Participants**

We offer advisory services to employee benefit plans ("Plan") and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Securities Act ("ERISA"). Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

The services we provide to your Plan are described in the service agreement that you have previously signed. Our compensation for these services is described below, at Item 5, and also in the service agreement. We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants, unless the plan sponsor directs us to deduct our fee

from the plan or directs the plan record-keeper to issue payment for our fee out of the plan. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

### **Status**

In providing services to the Plan and Participants, our status is that of an investment adviser registered under the Investment Advisers Act of 1940, and we are not subject to any disqualifications under Section 411 of ERISA. In performing fiduciary services, we are acting either as a non-discretionary fiduciary of the Plan as defined in Section 3(21) under ERISA, or as a discretionary fiduciary of the plan as defined in Section 3(38) under ERISA.

### **Types of Investments**

We primarily recommend mutual funds and exchange traded funds; however, we may also offer advice on equity securities, warrants, corporate debt securities, certificates of deposit, municipal securities, U.S. Government securities, and interest in partnerships investing in real estate, oil, and gas interests.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2018, we provide continuous management services for \$518,841,232 in client assets on a discretionary basis, and \$64,854,280 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Financial Planning & Consulting Services**

There are no additional fees for Financial Planning and Consultation Services for Investment Management clients. These services are considered part of our comprehensive Wealth Management approach for clients with assets under our management.

For non-investing clients who only require advice on specific financial planning topics, we offer one-time consultative financial planning services. We charge an hourly fee of \$500 for these financial planning services, which is negotiable depending on the scope and complexity of the plan, your situation, and your financial objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. We require that you pay 50% of the fee in advance and the remaining portion upon completion of the services rendered. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee. Fees are due in full at the conclusion of the services rendered.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Investment Management Services**

Our annualized fees for the investment management services, subject to negotiation, are as follows\*:

<b>Account Size</b>	<b>Annual Fee</b>
First \$1 Million	1.00%
Next \$2 Million	0.75%
Next \$2 Million	0.50%
Over \$5 Million	0.25%

\*Older client relationships may be subject to different fee schedules.

Advisory fees charged by Independent Managers may be separate and apart from our advisory fees. The terms and conditions under which you engage the Independent Managers shall be set forth in a separate written agreement between you and the Independent Managers. You should review the recommended Independent Manager's brochure and take into consideration the Independent Manager's fees along with our fees to determine the total amount of fees associated with this program.

#### SEI Program

The fees charged by SEI are exclusive of, and in addition to, our investment management fee. Fees paid by our clients to SEI are established and payable in accordance with the Form ADV Part 2 or other equivalent disclosure document provided to you by SEI. In addition to our investment management fee, the client, relative to all mutual fund purchases, shall also incur charges imposed at the mutual fund level (e.g., management fees and other fund expenses).

#### UMA/SMA Program

In addition to our management fee stated above and the fees charged by Independent Managers, clients participating in the UMA/SMA Program are responsible for paying program fees that cover the services provided by the account custodian for clearing and other third-party service providers for the performance of technology, research, administrative and trade implementation services. The amount deducted from your account will include our management fee, the program fee, and other fees that are generally payable to your account custodian. The program fees are as follows:

<b>Account Size</b>	<b>Annual Fee*</b>		
	<u>UMA</u>	<u>SMA Equity Only</u>	<u>SMA Fixed Income Only</u>
First \$1,000,000	.15	.15	.14
Next \$4 Million	.13	.13	.12
Next \$5 Million	.11	.11	.11
Over \$10,000,000	.10	.10	.10

*\*The fee tiers shown in the table detail the rate charged to assets in each tier, which are calculated to yield a total annualized fee. Discounted rates in higher tiers only apply to assets within the specified level and are not applied back to all assets. The total fee for any particular investment strategy will vary over time due to fluctuations in the asset level being invested.*

#### Adviser as Portfolio Manager Program (APM)

**APM Program Fees:** Clients participating in the APM Program shall pay the following fees that cover the services provided by the Custodian for clearing and custody and other third-party service providers for the performance of technology, research, administrative and trade implementation services. These fees are in addition to our management fee and custodial fees. The amount deducted from your account will include our fee, the program Fee, and other fees that are generally payable to your account custodian.

<b>Program Fee</b>	
<b>Account Size</b>	<b>Annual Fee %</b>
First \$1 Million	.09
Next \$4 Million	.08
Over \$5,000,000	.07

UMA/SMA and APM program fees stated above include asset-based custody trading services. Clients may request to pay for custody services in their accounts on a transaction basis instead of an asset-based fee. Transaction-based custody can cost more or less than the asset-based custody depending on the amount of transaction activity in the client's account and the cost of a transaction (the transaction fee) charged by the client's custodian. We generally recommend asset-based fees.

Our annual fee is billed and payable on a quarterly basis, either in advance or in arrears. Fees payable in advance are based on the value of your account on the last day of the previous quarter and fees payable in arrears are based on the value of your account on the last day of the quarter. The specific fee arrangement applicable to your account will be set forth in your investment management agreement with our firm.

You may terminate the investment advisory agreement by providing 5-days' written notice to our firm. The investment management fee will be prorated for the quarter in which the termination notice is given, which means that you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

#### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Disclosure Brochure.

#### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm, who are registered representatives with SA Stone, an unaffiliated securities broker-dealer, may receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products in their capacities as registered representatives of SA Stone. Compensation earned by these persons in their capacities as registered representatives are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm, who are registered representatives, may have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your investment needs. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

Persons providing investment advice on behalf of our firm, who are licensed as independent insurance agents, may earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in



addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm, who are insurance agents, may have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your investment needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the **Advisory Business** section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7 Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$2,500,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

### Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Charting Analysis - involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.
- Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Technical Analysis - involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends.
- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance. The risk of cyclical analysis is that economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Long-term purchases may also be affected by unforeseen long-term changes in the company in which you are invested or in the overall market. Short term trading generally involves a greater degree of risk than long term trading due to market volatility over a short period of time.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

We will advise you on how to allocate your assets among various classes of securities or third party investment advisers. We will rely on investment model portfolios and strategies developed by the third party investment adviser. We may recommend replacing the third party investment adviser, if there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend mutual funds and exchange traded funds; however, we may recommend other types of securities since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Mutual funds and exchange traded funds (ETFs) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While

mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

## **Item 9 Disciplinary Information**

Neither our firm nor any of our associated persons has any reportable disciplinary information.

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

Representatives of our firm are licensed as insurance agents. These persons could earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

### **Registrations with Broker-Dealer**

Persons providing investment advice on behalf of our firm are registered representatives with SA Stone, an unaffiliated securities broker-dealer. In addition, SA Stone is a registered investment adviser and some members of our firm are investment adviser representatives with SA Stone and conduct investment advisory activities through SA Stone in such capacity.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Mallory Mangrum at 954-289-9000.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We primarily recommend the brokerage and custodial services of Fidelity Brokerage Services LLC ("Custodian"). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

As part of our portfolio management services, we use third party management platforms. You are required to use the brokerage and custodial services of the firms with whom the third party manager has a relationship.

Persons providing investment advice on behalf of our firm who are registered representatives of SA Stone are subject to applicable rules that restrict them from conducting securities transactions away from SA Stone unless SA Stone provides the representative with written authorization to do so. It may be the case that SA Stone charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through SA Stone, these individuals (in their separate capacities as registered representatives of SA Stone) may earn commission-based compensation as result of placing the recommended securities transactions through SA Stone. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use SA Stone, we may not be able to accept your account. Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

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

We have an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like our firm in conducting business and in serving the best interests of their clients but that may benefit our firm.

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

As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to our firm, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by our firm (within specified parameters). These research and brokerage services presently include services such as research data and analyses, financial publications, recommendations, or other information about particular companies and industries (through research reports and otherwise), and other products or services (e.g., software and data bases) that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Consistent with applicable rules, brokerage products and services consist primarily of computer services and software that permit our firm to effect securities transactions and perform functions incidental to transaction execution. These 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 its own expense.

Additionally, we have received reimbursement from Fidelity for certain marketing and other expenses related to transitioning our clients' accounts to Fidelity as their account custodian.

As a result of receiving such services for no additional cost and the reimbursement of expenses we receive from Fidelity, our firm may have an incentive to continue to use or expand the use of Fidelity's services. Our firm examined this potential conflict of interest when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of our firm's clients and satisfies its client obligations, including its duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where our firm determines in good faith that the commission is 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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although our firm will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by our firm will generally be used to service all of our firm's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Our firm and Fidelity are not affiliates, and no broker-dealer affiliated with our firm is involved in the relationship between our firm and Fidelity.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Block Trades**

We may combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage in our UMA/SMA Program (this practice is commonly referred to as "block trading"). If we block trade, we will distribute a portion of the shares to participating accounts in a fair and equitable manner. Participating accounts will pay an asset-based transaction cost regardless



of the number of shares transacted. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

We do not block trade for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## **Item 13 Review of Accounts**

### **Portfolio Management Reviews**

The individual advisory representatives assigned to your account will monitor your accounts on a continuous basis and will conduct account reviews at least semi-annually and upon your request to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your current investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

You will generally receive account statements directly from the account custodian(s) at least quarterly. In addition, clients have access to their investment portfolio accounts through our online services.

### **Financial Planning Reviews**

No automatic reviews or ongoing monitoring will occur unless specific arrangements are made in advance. Nor will any reports be furnished to financial planning clients on a regularly scheduled basis.

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

As disclosed under the "Fees and Compensation" section in this Brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with SA Stone, an unaffiliated securities broker-dealer. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive either a one-time fixed referral fee at the time you enter into an advisory agreement with our firm or a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our

firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

## **Item 16 Investment Discretion**

With respect to our investment management services under the UMA/SMA and APM Programs, we require that you grant our firm discretionary authorization to buy, sell, exchange, convert or otherwise trade in mutual funds, exchange traded funds, and individual securities on your behalf without your prior approval. Within the APM Program, we shall also have discretionary authority to reallocate your portfolio to maintain adherence to the model portfolio(s) selected by you. Within the UMA/SMA Program, we will grant the active discretionary management of all or part of your investment account to one or more independent investment managers and/or investment management programs ("Independent Managers") based on your stated investment objectives. Discretionary authorization will permit the Independent Managers to buy, sell, exchange, convert or otherwise trade in any securities and to further delegate such discretionary authority to other Independent Managers.

Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. We will assume discretionary authority to hire and fire Independent Managers and/or reallocate your assets to other Independent Managers where we deem such action appropriate.

Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

## Item 17 Voting Client Securities

With respect to our Adviser as Portfolio Manager Program (APM), we will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

Except in the case of a conflict of interest as described below, we do not accept direction from you on voting a particular proxy.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

If you participate in the SEI or UMA/SMA Programs, we will not vote proxies on behalf of your advisory accounts. With respect to the UMA/SMA Programs, unless you elect to receive proxies in the custodial documents, the applicable Investment Manager will vote proxies on your behalf. You will maintain all proxy voting authority and may elect to receive and vote proxies in lieu of the Investment Manager. In the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## Item 19 Requirements for State-Registered Advisers

We are a federally registered investment adviser; therefore, we are not required to respond to this item.



## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will never sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Mallory Mangrum at 954-289-9000, if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.