

---

**Item 1 – Cover Page**



spectrum  
advisors

# Brochure

Spectrum Advisors, Inc.

15301 Spectrum Drive, Suite 115

Addison, TX 75001

972-931-3700

<http://www.spectrumadvisors.net>

February 12, 2024

This Brochure provides information about the qualifications and business practices of Spectrum Advisors, Inc. (“Spectrum,” “us,” “we,” “or” “our”). When we use the words “you,” “your” and “client” we are referring to you as our client or our prospective client. We use the term “supervised person” when referring to our officers, employees, and all individuals providing investment advice on behalf of Spectrum. If you have any questions about the contents of this Brochure, please contact us at 972-931-3700. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Spectrum is a registered investment adviser. The registration of an investment adviser does not imply any level of skill or training. The oral and written communications made to you by Spectrum, including the information contained in this Brochure, should provide you with information to determine whether to hire or retain Spectrum as your adviser.

Additional information about Spectrum also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated or registered with, and or required to be registered, as investment adviser representatives of Spectrum.

---

## Item 2 - Material Changes

Please note that no “material changes” made to this Brochure as the date of this Brochure, and since our last delivery or posting of the Brochure on the SEC’s public disclosure website (“[IAPD](http://www.adviserinfo.sec.gov)”) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), however, a number of editorial changes and the updated information on our assets under management.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Jon Michael Reppert, President at 972-931-3700. Our Brochure is also available on our web site [www.spectrumadvisors.net](http://www.spectrumadvisors.net), free of charge.

---

## Item 3 -Table of Contents

<b>Item 1 – Cover Page.....</b>	<b>i</b>
<b>Item 2 - Material Changes.....</b>	<b>ii</b>
<b>Item 3 -Table of Contents.....</b>	<b>iii</b>
<b>Item 4 – Advisory Business .....</b>	<b>1</b>
Ownership.....	1
Services Offered.....	1
Portfolio Management Services .....	1
Consulting Advisory Services for Qualified Retirement Plans(401K, 403B, 457, etc.) .....	2
Financial Planning Services.....	2
Financial Consulting & Review Services .....	2
Third-Party Money Manager Selection Services .....	3
Wrap Programs .....	3
EMoney Website.....	4
Educational Seminars.....	4
Investment Products.....	4
Assets Under Management .....	4
<b>Item 5 – Fees and Compensation.....</b>	<b>4</b>
Portfolio Management Program.....	4
Portfolio Management Fee Schedule .....	4
Qualified Retirement Plan Consulting Fees.....	5
Additional Types of Fees or Expenses: .....	5
Termination .....	5
Financial Planning Services.....	6
Fees.....	6
Termination .....	6
Financial Planning Consulting & Review Services .....	6
Fees.....	6
Termination .....	6
Third-Party Money Manager Selection Services .....	7
Fee Schedule.....	7
Termination .....	7
ERISA Disclosures .....	8
Qualified ERISA Accounts (Profit Sharing, 401(k), SEP's, etc.).....	8
Retirement Accounts – DOL Disclosure .....	8
EMoney Website Fees .....	8
Educational Seminar Fees.....	8
Other Compensation Received by our Advisory Agents: .....	8

---

<b>Item 6 – Performance-Based Fees and Side-By-Side Management .....</b>	<b>9</b>
<b>Item 7 – Types of Clients .....</b>	<b>9</b>
Account Minimum Requirements .....	9
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>9</b>
Analysis Methods .....	10
Overview .....	10
Fundamental .....	10
Dollar Cost Averaging .....	10
Investment Strategy Risks.....	10
General Risks.....	11
Allocation Risk .....	11
Market Risk .....	11
Focused and Concentrated Portfolio Risks .....	11
Equity Risk .....	11
Special Situation Risk.....	12
Foreign Securities Risk.....	12
Currency Risk .....	12
Interest Rate Risk.....	12
Credit Risk.....	12
Small- to Medium-Capitalization Risk .....	12
Junk Bond/High-Yield Security Risk .....	12
Prepayment Risk.....	13
Inflation Risk .....	13
<b>Item 9 – Disciplinary Information.....</b>	<b>13</b>
<b>Item 10 – Other Financial Industry Activities and Affiliations.....</b>	<b>14</b>
Non-Related Relationships - Third-Party Money Manager:.....	14
<b>Item 11 – Code of Ethics, Participation or Interest in Client Transactions and.....</b>	<b>14</b>
Code of Ethics.....	14
Personal Trading .....	14
<b>Item 12 – Brokerage Practices .....</b>	<b>14</b>
Brokerage Selection .....	14
Best Execution .....	15
Client Directed.....	15
Trade Aggregation .....	15
Soft Dollar Arrangements .....	15
<b>Item 13 – Review of Accounts .....</b>	<b>16</b>
Account Review .....	16
Reports .....	16
Trade Errors .....	16

---

<b>Item 14 – Client Referrals and Other Compensation.....</b>	<b>16</b>
Client Referrals .....	16
Other Compensation .....	16
<b>Item 15 – Custody .....</b>	<b>17</b>
Selection of Custodian .....	17
Statements .....	17
<b>Item 16 – Investment Discretion .....</b>	<b>18</b>
Discretionary Authority .....	18
<b>Item 17 – Voting Client Securities .....</b>	<b>18</b>
<b>Item 18 – Financial Information.....</b>	<b>18</b>
<b>Item 19 – Requirements for State-Registered Advisers .....</b>	<b>18</b>
<b>Item 20 – Other Information .....</b>	<b>19</b>
Privacy Notice to Customers .....	19
Business Continuity Plan .....	19

---

## **Item 4 – Advisory Business**

Spectrum Advisors, Inc., formerly known as Dallas Financial Advisory, Inc. (herein referred to as “Spectrum,” “Firm,” “we,” “our,” or “us”) is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide you with, including this Brochure, is information you can use to evaluate us and other advisers, which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship. This Brochure provides information about our qualifications and business practices.

### ***Ownership***

Spectrum is a privately owned corporation headquartered in Addison, Texas. Jon Michael Reppert, President & Chief Compliance Officer founded Spectrum in May of 1996 and Jon Michael Reppert and David Faulkner are the sole shareholders of Spectrum.

### ***Services Offered***

Spectrum is an investment advisory firm providing:

- Portfolio Management on a Discretionary and Non-Discretionary basis
- Financial Planning Services
- Financial Consulting or Review Services
- Third Party Advisory Services

We manage accounts on a discretionary basis and non-discretionary basis. We provide investment management services, financial planning services and financial consulting and review services to individuals, trusts, estates, charitable organizations, corporations or other business entities, IRA’s, 401(k) participants, and pension and profit-sharing plans. We also assist you with the selection of money managers appropriate for the management of your portfolio.

#### ***Portfolio Management Services***

We provide portfolio management services on either a discretionary or non- discretionary basis. Our portfolio management service consists of asset allocation and portfolio management tailored to meet your investment goals.

On a discretionary basis, we design, revise and reallocate a custom portfolio for you. The investments are determined based upon your investment objectives, risk tolerance, net worth, net income, age, investment time horizon, tax situation and other various suitability factors.

On a non-discretionary basis, we provide periodic recommendations to you and if such recommendations are approved, we will ensure that the authorized recommendations are carried out.

We will evaluate your financial situation through a review of financial information and in-depth personal interviews that include understanding your investment objectives and risk tolerances.

---

The program is based on your profile and risk tolerance questionnaire. The recommended portfolio is selected based on investments made according to equity and bond allocations. Within each model portfolio, the types of investments will vary between large cap, equity growth, emerging markets, etc. Portfolios are rebalanced on an annual basis or as needed.

Custody of your accounts for both securities and funds will be maintained at a qualified custodian.

A quarterly Performance Report is provided, and clients do not incur any additional fees for this service.

***Consulting Advisory Services for Qualified Retirement Plans (401K, 403B, 457, etc.)***

We provide investment planning, implementation advice, and portfolio management assistance to Qualified Retirement plans. As part of our services, we collaborate with our clients to develop Investment Policy Statements which include asset allocation and investment recommendations. We deliver written reports for review and discussion, on a quarterly basis, which include performance evaluations of each investment option and each portfolio, comparative performance for established benchmarks and for peer institutions, and assessment of asset allocation and need, if any, for rebalancing.

***Financial Planning Services***

We provide a comprehensive financial planning service, including financial positions, investment planning, asset protection planning, business succession planning, income tax planning, protection planning, retirement planning and estate planning. Independent, objective analysis of personal and business finances based on extensive financial information furnished by you (trust agreements, business agreements, retirement programs, financial statements, tax returns, investment portfolio) are offered.

A formal written plan is provided which includes a risk analysis and profile, investment objectives, in-depth goal review, budget preparation, insurance analysis and review and other in-depth analysis. Implementation of the prepared plan or recommendations is solely at your discretion, and you can also determine how you want to implement the plan or recommendations. We will continue to advise regarding the implementation of the financial plan for 6 months thereafter.

***Financial Consulting & Review Services***

You can also receive investment advice on a more limited basis. This includes advice on only an isolated area(s) of concern such as estate planning, retirement planning, life insurance evaluation, elder care review, estate tax calculation, college education funding or any other specific topic. We provide specific consultation services regarding your current or projected financial position or other investment and financial concerns that you have.

With respect to advisory clients that are accounts regulated under the Employee Retirement Income and Security Act ("ERISA") or individual retirement accounts ("IRA"), general investment advice is provided about the merits and risks of investment alternatives. We do not have discretionary authority or control with respect to ERISA or IRA accounts. The Plan fiduciary for ERISA accounts must make the investment decision about the purchase of any products based on his/her understanding of the Plan's needs and objectives, and we are in no way responsible for any

---

investment decisions. The Plan fiduciary is free to seek independent advice about the appropriateness of any investment for the Plan.

### ***Third-Party Money Manager Selection Services***

We recommend the services of a Third-Party Money Manager (“TPMM”) to manage your portfolio. We would recommend to you a TPMM whose investment style is believed to be consistent with your financial needs, investment goals, tolerance for risk and stated investment objectives. Upon selection of a TPMM, we will monitor the performance of the TPMM to ensure their performance and investment style remains aligned with the investment goals and objectives. The TPMM is granted discretionary authority by you to manage and invest your assets.

Clients who TPMM’s will receive full disclosure, including services rendered and fee schedules at the time of the referral by delivery of a copy of the relevant TPMM’s brochure or equivalent disclosure document and privacy policy.

The TPMM can impose a minimum dollar amount of initial client assets for the investment advisory services as disclosed in the management agreement. These minimums may be waived at the TPMM's discretion. Clients will be provided with the appropriate TPMM's disclosure statement, in addition to the TPMM's ADV Part2A Brochure and privacy policy, prior to placing the assets with the TPMM.

Spectrum Advisors has entered into an agreement with AE Wealth Management, LLC (“AEWM”), an unaffiliated SEC registered investment adviser as a TPMM to provide asset management services to clients. The asset management services provided through the AE Wealth Management Program are all wrap fee programs sponsored by AE Wealth Management, and not Spectrum Advisors. As part of the AEWM program, Clients provide AEWM discretion to select third party, non-affiliated investment managers (“Model Managers”) to design and manage model portfolios. AEWM utilizes Edgetech, Milliman, Smart Veta, and Sterling Capital as money managers as an option to manage client accounts. AEWM will select the model portfolio(s) that aligns with the clients disclosed risk tolerance and investment objectives. To the extent AEWM is appointed to provide advisory services to a client of Spectrum Advisors, such appointment includes the delegation to AEWM of Spectrum Advisor’s discretionary authority to select/hire and fire model managers on behalf of any client of Spectrum Advisors who participates in AEWM’s asset management program. Further, Spectrum Advisors delegates to AEWM’s platform provider the discretionary authority (based upon the selected Model Manager’s(s’) designated portfolio model(s) and/or trade signals without first consulting with Client) to make all decisions to buy, sell, or hold securities, cash, or other investments for such portion of each client’s assets that are included in AEWM’s asset management program. This authority includes the ability to carry out such decisions by giving instructions, on behalf of clients of Spectrum Advisor who participate in AEWM’s asset management program, to brokers, dealers, and custodians.

### ***Wrap Programs***

We do not sponsor or function as a portfolio manager for any wrap fee programs. We however refer suitable clients to TPMM’s that do offer a wrap fee program.



---

### ***EMoney Website***

We provide access to a personalized website on eMoney to organize and aggregate all your financial accounts available on the web.

### ***Educational Seminars***

Spectrum provides educational seminars. The educational seminars are designed for people who are nearing or in retirement to grow their knowledge of the critical areas of retirement planning. These educational seminars take place at various college campuses on a quarterly basis.

### ***Investment Products***

We will advise you regarding portfolio diversification utilizing common or preferred stocks, options, mutual funds, warrants, rights, corporate municipal or government bonds, notes or bills, options and futures contracts, partnership interests, and cash or cash equivalents.

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

As of December 31, 2022, Spectrum had approximately \$118,000,000 in discretionary assets under management.

## **Item 5 – Fees and Compensation**

### ***Portfolio Management Program***

#### ***Portfolio Management Fee Schedule***

For investment analysis, planning, portfolio design, implementation, monitoring and reporting quarterly, our fee is on the below tiered schedule based on the amount of assets managed.

<u>Assets Under Management</u>	<u>Annualized Fee</u>
Accounts \$1,000,000 and below	1.00%
\$1,000,001 to \$3,000,000	0.85%
\$3,000,001 to \$5,000,000	0.70%
\$5,000,001 to \$10,000,000	0.55%
\$10,000,001 to \$25,000,000	0.40%
Amounts over \$25,000,000	0.30%

The above fees are negotiable based on the size of account, length of time with us and other factors deemed applicable by us. All accounts for members of your family (husband, wife and dependent children) or related businesses are assessed fees based on the total balance of all accounts, e.g., per household.

Our fees are based on the percentages listed in the Fee Schedule calculated quarterly in advance as of the last business day of the proceeding calendar quarter. Fees for the initial quarter will be adjusted pro-rata based upon the number of days in the fiscal quarter that the Agreement goes into effect.

---

Fees are calculated by multiplying the assets under management market value by the annualized fee, time's number of days in the quarter, divided by the number of days in the year. Accounts opened in mid-quarter will be assessed at a pro-rated management fee.

Portfolio Management fees will be directly deducted from your account at the custodian quarterly in advance from your accounts within thirty (30) days following the end of the quarter. We will send the qualified custodian written notice of the amount of the fee to be deducted from your account.

### ***Qualified Retirement Plan Consulting Fees***

The above fee schedule applies for providing investment advice on Qualified Retirement Plans (401K, 403B, 457, etc.). Maximum Annual fee of 1%. Fees will be deducted quarterly in advance from TD Ameritrade account.

We shall provide written invoice documentation reasonably supporting the determination of the investment advisor fees on the value of your assets upon which the fee was based, and the specific manner in which the fee was calculated. The Custodian will send to you a quarterly Account statement that shows the amount of our advisory fee and the value of your assets. We will verify that the Custodian sends Account statements on a quarterly basis.

You should compare invoices for advisory fees to the corresponding custodian statement. Statements should be received from the custodian no less than quarterly. If statements are not received, contact us immediately.

### ***Additional Types of Fees or Expenses:***

Investment Management fees do not include the cost of custodial services for individual retirement accounts or for qualified retirement plans. Transaction costs are not commissions. They are clearing costs charged by the designated clearing firm on the account. We elect at our option to bear the cost of transactions under certain circumstances. Additional fees will be incurred while the funds are in a money market fund or other no-load fund. These fees are charged and collected by the mutual funds and are not refundable to Client.

No proration's for breakpoints is achieved during the quarter. Breakpoints are applied when billing occurs in the next quarter.

### ***Termination***

You can terminate the Agreement without penalty if you deliver a written notice to use within five (5) days of the acceptance of the agreement. After five business days, either party can terminate the Agreement at any time and for any reason, upon thirty (30) days written notice to the other party. Upon notice of termination, we will await further instructions from you as to what steps you request to liquidate and/or transfer the portfolio and remit the proceeds. Upon instructions received, we will instruct broker dealers, mutual fund sponsors, and others to liquidate and/or transfer the portfolio and remit proceeds back to you or a designated third party. A refund of our unearned fees will be made on a prorated basis from the time of termination.

---

## ***Financial Planning Services***

### ***Fees***

Our comprehensive written financial plan fees depend on the scope, complexity and work to be performed by our Firm. Financial planning fees are charged through a fixed fee. Fixed fees vary and typically cost between \$500 and \$10,000 per plan depending on the complexity of the financial plan. Prior to any engagement, we will state the fixed fee to be charged. We will modify the estimate if you subsequently change the scope or nature of the analysis. Our financial planning fee does not include taxes, preparation of legal documents, or any costs associated with investments (i.e., surrender charges, sales charges, administration fees, etc.).

All agreements must be approved by an officer of our firm prior to any payments being received. You are advised that fees for financial planning are strictly for financial planning services. Therefore, you will pay fees and /or commissions for additional services obtained such as portfolio management or products purchased such as securities or insurance.

### ***Termination***

You can immediately terminate the Agreement at any time and must provide written notification of your request for termination to us. If you terminate the Agreement within five (5) business days of signing, you shall receive a full refund of all fees. If the Agreement is terminated after five (5) business days of signing, any prepaid fees shall be prorated, and the unused portion shall be returned to you. Any adjustment in fees must have a thirty (30) day written notice.

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

### ***Fees***

Our financial planning consulting and review fees depend on the scope, complexity and work to be performed by our Firm. Fees are charged through an hourly rate. Hourly rates are \$200 per hour and are negotiable. One half of the fee is paid upon the agreement of the planning contract with the balance due when the recommendations are made. Depending on the nature of the review there could possibly be investment advice given in a manner which we have not described in item 4. All financial services are subject to an increase of fees as to the procurement of outside professional advice and services. The client will be informed in advance and has the right to reject those costs. Prior to any engagement, we will state the hourly rate to be used and make an estimate of the amount of time necessary to complete the analysis. We will modify the estimate if you subsequently change the scope or nature of the analysis. Our financial planning consulting and review fee does not include taxes, preparation of legal documents, or any costs associated with investments (i.e., surrender charges, sales charges, administration fees, etc.).

### ***Termination***

You can immediately terminate the Agreement at any time and must provide written notification of your request for termination to us. If you terminate the Agreement within five (5) business days of signing, you shall receive a full refund of all fees. If the Agreement is terminated after five (5) business days of signing, any prepaid fees shall be prorated, and the unused portion shall be returned to you. Any adjustment in fees must have a thirty (30) day written notice.

---

## ***Third-Party Money Manager Selection Services***

### ***Fee Schedule***

The fees payable to us for these referral services depend upon the fee arrangement between us and the TPMM to whom you are referred by us. We will either share in the fee paid by you to the TPMM or charge a fee that is in addition to the fee paid to the TPMM. In no event will the annual management fee exceed 3.00%. Complete disclosure of the amount of the fee received by us will be available in the management agreement given to you. Clients will receive a full disclosure, including services rendered and fee schedules at the time of the referral of the relevant TPMM's brochure or equivalent disclosure document and privacy policy, prior to placing the assets with the TPMM selected. In addition, if the investment program recommended to you is a wrap fee program, you will also receive the equivalent wrap fee brochure provided by the sponsor of the program.

The basic fee schedule for these services will vary based on the TPMM chosen to provide this service. The fee will be based on the amount of assets managed and could be negotiable. Such compensation differs depending upon the individual agreement we have with each TPMM. As such, we have an incentive to recommend one TPMM over another TPMM with whom we have a less favorable compensation arrangement with, or other advisory programs offered by TPMMs with which we have no compensation arrangement.

TPMM services provided through AEWM's managed account program (the "Program") are offered through AEWM's wrap fee program. This means you will only pay fees based on assets under management and you will not pay a separate commission, ticket charge, or custodian fee for the execution of transactions in your account. Asset management services clients through the Program are charged a specified fee for investment advisory based on the level of assets under management. Spectrum's maximum fee is 1.00%. Program fees will be deducted from your account by AEWM and paid directly to our firm. Program fees will be calculated and deducted from your account monthly, in advance, by AEWM with our portion of the overall fee paid directly by AEWM to our firm. AEWM charges annually 30 basis points (.30%) to 45 basis points (.45%) of the fee charged ( $\% \times \text{number of days in the month, divided by the number of days in the year}$ ). For Model Managers, their fee is included in the amount retained directly by AEWM and others receive a fee separate in addition to the fee retained by AEWM.

### ***Termination***

You can terminate the management agreement according to the terms disclosed in the management agreement. If fees are paid prior to service being rendered, and you terminate services, the prorated fees for the portion not used will be returned.

The above-listed fee may be in excess of the industry norm. Similar advisory services can be obtained for less.

---

## ***ERISA Disclosures***

### ***Qualified ERISA Accounts (Profit Sharing, 401(k), SEP's, etc.)***

We may have other retirement accounts which are subject to ERISA rules and regulations. In all cases an “eligible investment advice arrangement” or advisory agreement will be executed with the Client. We will be considered a “fiduciary advisor” and will charge fees to the retirement account.

### ***Retirement Accounts – DOL Disclosure***

We are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act of 1974 (“ERISA”) and/or the Internal Revenue Code (“Code”), as applicable, when we provide investment advice regarding portfolio assets held in an IRA, Roth IRA, Archer Medical Savings Account, a Plan covered by ERISA, or a plan described in Section 4975(e)(1)(A) of the Code (collectively referred to collectively sometimes herein as (“Retirement Accounts”).

To ensure that Spectrum will adhere to fiduciary norms and basic standards of fair dealing, we are required to give advice that is in the "best interest" of the retirement client. The best interest standard has two chief components, prudence and loyalty. Under the prudence standard, the advice must meet a professional standard of care and under the loyalty standard, our advice must be based on the interests of our retirement clients, rather than the potential competing financial interest of Spectrum.

To address the conflicts of interest with respect to our compensation, we are required to act in your best interest and not put our interest ahead of yours. To this end, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice).
- Never put our financial interests ahead of yours when making recommendations (give loyal advice).
- Avoid misleading statements about conflicts of interest, fees, and investments.
- Follow policies and procedures designed to ensure that we give advice that is in your best interest.
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### ***eMoney Website Fees***

Spectrum does not charge for the eMoney website.

### ***Educational Seminar Fees***

Spectrum does not charge for Educational Seminars.

### ***Other Compensation Received by our Advisory Agents:***

Jon Michael Reppert and David Faulkner, advisory agents of our firm, are also licensed insurance agents for various nonaffiliated companies. In their capacity as a licensed insurance agent, investment advisory representatives will earn commission-based compensation for implementing insurance products on behalf of clients. This creates a conflict of interest that the investment

---

advisory agent is also a licensed insurance agent and can recommend insurance products to clients. We address our fiduciary duty by utilizing insurance products only where it is in the best interest of clients, and after consultation with the client. We have no single agreement with any agency or company, but will seek out the products of any company, agency or brokerage that have products fitting your needs. The client always has the right to decide whether to act on an insurance recommended by the investment advisory representative. If the client decides to act, clients have the right to do so through the professional they choose.

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

Spectrum does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) and or engage in side-by-side management.

## **Item 7 – Types of Clients**

We offer portfolio management investment advice to the following types of clients:

- Individuals
- Families
- High net worth individuals
- High net worth families
- Charitable organizations
- Trusts
- Estates
- Private business owners

## ***Account Minimum Requirements***

We provide investment supervisory services, manage investment advisory accounts, and provide comprehensive financial planning under our Investment Management Program. The minimum account size is \$50,000 in investable assets for this Program. We will aggregate related accounts in the same household to meet account minimums. We can make exception to this minimum from time to time based on individual factors such as length of time the account has been known, overall composition of the account, multiple accounts held with us etc. This exception is in our sole discretion.

We reserve the right to negotiate the financial plan, financial planning consulting and review fees at our sole discretion.

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

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

---

## ***Analysis Methods***

### ***Overview***

We collaborate with you to devise an investment strategy to meet your financial objectives. This includes:

- discussion regarding your objectives
- review of existing holdings
- ongoing analysis of funds
- advice on best direction for new investments
- updates of specific changes within the market or to particular funds
- updates of specific changes within the market or to particular funds
- periodic monitoring of recommended investments and review

The flexibility of our strategies gives us the ability to best manage investment risks in any investment market.

We utilize a risk tolerance questionnaire to establish a client's risk tolerance score. After this is scored and discussed with the client, the recommended portfolio is selected, and investments are made according to the asset allocation of the particular portfolio. We use a Fundamental security analysis method.

### ***Fundamental***

Fundamental Analysis involves using real data to evaluate a security's value. We perform fundamental analysis on a securities value by looking at economic factors, such as interest rates and the overall state of the economy, information about issuers, potential changes in credit ratings, revenues, earnings, future growth, return on equity, profit margins and other data to determine underlying value and potential for future growth.

### ***Dollar Cost Averaging***

Investment strategies used to implement investment advice given to clients also include Dollar Cost Averaging. Our security analysis information is based on a number of sources including financial newspapers, periodicals, commercially available investment services, issuer prepared information, security rating services, general market and financial information, due diligence reviews and specific investment analysis that our clients request. We can use other sources of information that include, but are not limited to, other professionals in the area of financial planning as well as information obtained through presentations given by professional associations and other sources.

## ***Investment Strategy Risks***

The advice offered by our Firm to clients is determined by the areas of expertise of the agent providing the service and the client's stated objective. Our clients are advised to notify our Firm promptly if there are ever any changes in your financial situation or investment objective or if you wish to impose any reasonable restrictions upon our management services. If you wish to impose

---

any reasonable restrictions upon our management services, you will need to advise us in writing of any restrictions.

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. All securities trading, whether in stocks, options, or other investment vehicles, is speculative in nature and involves substantial risk of loss that clients should be prepared to bear. Past performance is not necessarily indicative of future results. Clients should make every effort to understand the risks involved.

### ***General Risks***

Your investments with us are not a deposit of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Accordingly, you can lose money by investing with us. When you sell your investments, they can be worth less than what you paid for them because the value of investments will fluctuate reflecting day-to-day changes in market conditions, interest rates and a number of other factors.

### ***Allocation Risk***

Our allocation of investments among different asset classes, such as equity or fixed-income assets classes, have a more significant effect on your returns when one of these classes is performing more poorly than others.

### ***Market Risk***

Stock and bond markets often trade in random price patterns, and prices can fall over sustained periods of time. The value of the investments we make for you will fluctuate as the financial markets fluctuate. This could result in your account value(s) declining over short- or long-term periods of time.

### ***Focused and Concentrated Portfolio Risks***

We will often invest your assets in a smaller number of securities than other broadly diversified investment strategies. Our approach is often referred to as “focused, concentrated, or non-diversified.” Accordingly, the money we manage for you can have more volatility and is often considered to have more risk than a strategy that invests in a greater number of securities because changes in the value of a single security can have a more significant effect, either negative or positive, on your overall portfolio value. To the extent we invest your assets in fewer securities, or we invest in non-diversified funds that take a focused or concentrated approach, your assets are subject to greater risk of loss if any of those securities become permanently impaired.

### ***Equity Risk***

Your investments will be subjected to the risk that stock prices can fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of equity securities in your portfolio can fluctuate drastically from day to day. Individual companies can report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies can suffer a decline in response. These factors will contribute to the volatility and risk of your assets.



---

### ***Special Situation Risk***

We can invest your assets in special situations. Investments in special situations can involve greater risks when compared to other strategies due to a variety of factors.

Expected changes may not occur, or transactions can take longer than originally anticipated, resulting in lower returns than contemplated at the time of investment. Additionally, failure to anticipate changes in the circumstances affecting these types of investments can result in permanent loss of capital, where we may be unable to recoup some or all of its investment.

### ***Foreign Securities Risk***

We have the ability to invest in foreign securities, and, from time to time, a significant percentage of your assets can be composed of foreign investments. Foreign investments involve greater risk in comparison to domestic investments because foreign companies/securities: can have different auditing, accounting, and financial reporting standards; may not be subject to the same degree of regulation as U.S. companies, and can have less publicly available information than U.S. companies; and are often denominated in a currency other than the U.S. dollar.

### ***Currency Risk***

Your investments can be subject to currency risk. Currency fluctuations and changes in the exchange rates between foreign currencies and the U.S. dollar could negatively affect the value of your investments in foreign securities.

### ***Interest Rate Risk***

Your investments are subject to interest rate risk. Interest rate risk is the risk that the value of a security will decline because of a change in general interest rates. Investments subject to interest rate risk will usually decrease in value when interest rates rise. For example, fixed-income securities with long maturities typically experience a more pronounced change in value when interest rates change.

### ***Credit Risk***

Your investments are subject to credit risk. An investment's credit quality depends on its ability to pay interest on and repay its debt and other obligations.

### ***Small- to Medium-Capitalization Risk***

We can invest your assets in small to medium-sized companies. Shares of small to medium sized companies can have more volatile share prices. Furthermore, the securities of small to medium companies often have less market liquidity and their share prices can react with more volatility to changes in the general marketplace.

### ***Junk Bond/High-Yield Security Risk***

We can invest your assets in Junk Bonds or High-Yield, lower rated securities. Investments in fixed-income securities that are rated below Investment grade can be subject to greater risk of loss of principal and interest than investments in higher-rated fixed-income securities. The market for high yield securities can be less liquid than the market for higher-rated securities. High yield securities are also generally considered to be subject to greater market risk than higher-rated

---

securities. The capacity of issuers of high yield securities to pay interest and repay principal is more likely to weaken than is that of issuers of higher-rated securities in times of deteriorating economic conditions or rising interest rates.

### ***Prepayment Risk***

Your investments can be subject to prepayment risk. Prepayment risk occurs when the issuer of a security can repay principal prior to the security's maturity. Securities subject to prepayment can offer less potential for gains during a declining interest rate environment and similar or greater potential for loss in a rising interest rate environment. In addition, the potential impact of prepayment features on the price of a security can be difficult to predict and result in greater volatility.

### ***Inflation Risk***

This is the risk that the value of your assets or income your investments will be less in the future as inflation decreases the value of your money. As inflation increases, the value (purchasing power) of your assets can decline. This risk increases as we invest a greater portion of your assets in fixed-income securities with longer maturities. Liquidity Risk: Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing us from selling out of these illiquid securities at an advantageous price.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Spectrum or the integrity of Spectrum's management.

Our advisory agents do have reportable disciplinary events that are disclosed on their registration history. Our Firm has disclosed the facts about legal or disciplinary events so that you can determine whether they are material to your evaluation of the integrity of our Firm or its advisory agents. Your confidence and trust placed in our Firm and its advisory agents is something we value and endeavor to protect.

Jon Michael Reppert, President and CCO of our firm has a regulatory event from the Texas State Securities Board. In 1999 Jon Michael Reppert was issued an administrative disciplinary order reprimanding and fining Spectrum Advisors, Inc. f/k/a Dallas Financial Advisory, Inc. and Jon Michael Reppert for acting as an investment adviser and agent when they were not registered with the securities commissioner pursuant to the Texas Securities Act. A fine of \$15,000 was assessed.

A full report that reflects the professional background, business practices, and conduct of our advisory agents is available through the Financial Industry Regulatory Authority's (FINRA) BrokerCheck system link at [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or you may request disclosable information under BrokerCheck by calling (800) 289-9999, a toll-free hotline operated by FINRA.

You may also access a full report of our advisory agents through the IARD link at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Should you have any technical difficulties with this link you can call 240-386-4848 for further assistance.

---

The information that appears on these websites is collected from individual investment adviser representatives, investment adviser firm(s), and/or securities regulator(s) as part of the securities industry's registration and licensing process.

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

### ***Non-Related Relationships - Third-Party Money Manager:***

We have a financial industry relationship with AE Wealth Management, LLC, an unaffiliated SEC registered investment advisory firm, who acts as a sub-advisor to our portfolios.

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

### ***Code of Ethics***

We have adopted a Code of Ethics Policy derived from the CFP® Board of Standards to prohibit conflicts of interest from personal trading by our advisory personnel and have established standards of conduct expected of our advisory personnel. We have set forth in the Code of Ethics Policy statements of general principals, required course of conduct, reporting obligations, and review and enforcement of the Code of Ethics Policy. We will provide a copy of the Code of Ethics Policy to our clients or prospective clients upon written request.

### ***Personal Trading***

Our advisory agents can buy or sell for themselves securities that they also recommend to you. These investment products will be bought and sold on the same basis as you buy them. We will transact your transactions and business before their own when similar securities are being bought or sold. In all instances, the positions would be so small as to have no impact on the pricing or performance of the security. We will do everything possible to mitigate these conflicts. Records of all advisory associate's proprietary trading activities are reviewed and kept by us. We and our advisory agents will act in a fiduciary manner, understand the prohibitions against the use of any insider information and will always act in your best interest.

## **Item 12 – Brokerage Practices**

### ***Brokerage Selection***

You authorize our firm discretionary authority over your account(s) to determine the securities to be bought or sold, their amounts, the broker to be used, without specific consultation with you as deemed to be in your best interest and to achieve your stated investment objectives.

We recommend unaffiliated brokers or dealers to handle securities transactions. We recommend TD Ameritrade, Inc., (member FINRA/SIPC), as the broker-dealer for the execution of securities transactions. Custody of your accounts for both securities and funds will be maintained at the designated custodian and clearing firm for these unaffiliated broker-dealers.

---

Factors considered by us in selecting brokers are: (i) execution capabilities, (ii) commission rates, (iii) responsiveness and financial responsibility, and (iv) other services which will help us to provide investment supervisory services to our clients.

### ***Best Execution***

We understand and acknowledge that at all times we owe a fiduciary duty to you to obtain best execution for your transactions. We believe that the broker-dealer relationship with us or our sub-advisors helps to execute securities transactions for you in such a manner that your total cost in each transaction is as favorable as possible under prevailing market conditions. However, accounts with a full-service broker/dealer do not obtain best execution at all times. The commissions and/or transactional fees charged by the broker-dealers to you can be higher or lower than those charged by another broker-dealer.

You are under no obligation to utilize the broker-dealers that we recommend or suggest for your account.

### ***Client Directed***

Clients may instruct us to direct all or a portion of the securities transactions for its account to a specified broker or dealer. We will treat the client direction as a decision by the client to retain the discretion that otherwise would have in selecting a broker-dealer to effect transactions and in negotiating transaction fees generally for the client's account. The client who directs us to use a specific broker may pay higher or lower transaction fees such as commissions, commission equivalents, mark-ups, mark-downs, dealer spreads, credits or otherwise, and may receive less or more favorable execution services than if the client did not direct transactions to a particular broker.

Any instruction or limitation relating to the selection of broker dealers must be in writing. Because client-directed trades often cannot be aggregated with non-directed trades, such designations may adversely affect Spectrum's ability to obtain volume discounts on aggregated orders or to obtain best price and execution by effecting certain transactions directly with the market maker.

### ***Trade Aggregation***

Our firm does not aggregate orders. Our recommended portfolios are mutual fund based and non-transaction fee funds that are bought and sold at NAV. All trades are placed in the day received and they get the same execution price.

### ***Soft Dollar Arrangements***

We receive from custodians, without cost, software and support which allows the Firm to better monitor and service client accounts, including assistance with invoicing, trade execution and recordkeeping. Beyond those services, neither our firm nor our owners, officers, partners, directors, employees, advisory agents or persons holding similar status receive research or other

---

products or services outside of execution in connection with your security transactions with a broker-dealer.

## **Item 13 – Review of Accounts**

### ***Account Review***

We provide reviews by semi-annual meetings set by the client's birthday and six months from birthday or by quarters end. Reviews are conducted by Jon Michael Reppert, President & CCO, David Faulkner, Advisor. We advise clients on asset allocation, investment selection and monitor the progress of client's goals. Reviews often include advisors of other disciplines such as CPA, Attorney, etc.

### ***Reports***

Regular reports are sent quarterly or semi-annual including valuation of the client's total portfolio with comments written by the advisory agent for the client account.

### ***Trade Errors***

In the event of a trade error in your account, our policy is to attempt to correct trading errors as soon as they are discovered; however, the Firm is not responsible for execution or trading errors committed by the brokers with which it transacts, unless such errors resulted from Spectrum's negligence, fraud or willful misconduct. Notwithstanding the above, based on the circumstances, corrective actions generally include:

- canceling the trade
- adjusting an allocation and/or
- reimbursement to the account

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

### ***Client Referrals***

Spectrum does not utilize or pay third party solicitors for the referral of advisory clients to us.

### ***Other Compensation***

When providing financial planning or consulting services, your advisory representative may recommend that you purchase certain securities or insurance products. If this occurs, your advisory representative will be doing so as a licensed insurance agent. The advisory representative will receive compensation in the form of commissions if you act on these recommendations. We address our fiduciary duty by utilizing insurance products only where it is in the best interest of clients, and after consultation and disclosure of the fees with the client. You are never under any obligation to purchase products or services recommended by us. You always have the option of purchasing them through other agents who are not affiliated with us.

We receive compensation in the form of a solicitor's fee from unrelated third-party investment advisors for client referrals. Such fees will be paid in accordance with a formal referral (solicitor) agreement. Such arrangements will comply with the requirements set forth pursuant to the

---

Investment Advisers Act of 1940, and/or applicable state statutes, to the extent they apply. A referral fee disclosure statement be given to you (or prospective clients) that discloses, among other things, the amount of fee to be paid and the fact that the payment of such referral fees does not increase the amount of the total advisory fee that a client (or prospective client) will pay. The sharing arrangement is disclosed in writing and requires client signature acknowledging it.

## **Item 15 – Custody**

### ***Selection of Custodian***

Your accounts for both securities and funds will be maintained at a designated custodian and clearing firm for appointed by us or another designated custodian and clearing firm as directed by you.

### ***Statements***

You should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements that we or your money manager may provide to you, if any. Our statements vary from custodial statements based on accounting procedures and reporting formats.

### ***Custody Overview***

#### ***Custody Rule***

The Custody Rule provides that it is a fraudulent, deceptive or manipulative act, practice or course of business within the meaning of Section 206(4) of the Advisers Act for an investment adviser that is registered or required to be registered under the Advisers Act to have custody of client funds or securities unless they are maintained in accordance with the requirements of the rule. In this regard, where an investment adviser has custody of client funds or securities, it must obtain a surprise examination of client assets by an independent public accountant registered with the Public Company Accounting Oversight Board. (“PCAOB”).

#### ***Invoicing***

Spectrum is deemed to have custody of the funds and securities as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee. However, a surprise examination is not required because Spectrum has written authorization from each client to deduct advisory fees from the account held with the qualified custodian and each time a fee is directly deducted from a client account, we concurrently: (i). sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client’s account; and (ii). sends the client an invoice or statement itemizing the fee.

---

## **Item 16 – Investment Discretion**

### ***Discretionary Authority***

Unless otherwise negotiated, you have granted our Firm sole and absolute discretion in the management of your portfolio and periodic re-balancing to the asset class target percentages as outlined in the Clients Advisory Agreement except with respect to payment of the Firm's Fees. In the exercise of our authority, we are fully authorized and empowered to place orders to brokers, dealers, mutual funds, or other persons with respect to the purchase, sale, exchange, disposition or liquidation of any assets held in your portfolio.

We have limited authority to sell or redeem securities holdings in sufficient amounts to pay advisory fees. You would reimburse the portfolio for Advisory Fees paid to us.

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

We do not have any authority to and do not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. To this end, we will instruct the Custodian to forward all proxy material directly to you. We shall forward any proxy materials we receive that pertain to the Assets in client accounts to the respective clients, or to the Advisor(s) for an employee benefit plan covered by ERISA, unless the plan's trust agreement provides otherwise. You can contact our office at (972) 931-3700 for any questions about a particular solicitation.

## **Item 18 – Financial Information**

We are required to provide you with certain financial information or disclosures about financial condition which would impede our ability to provide the advisory services described herein. Spectrum has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. We do not have any financial condition that is reasonably likely to impair the ability to meet contractual commitments to you.

As a result of the current economic environment resulting from the COVID-19 pandemic, we received a Payroll Protection Program Loan, authorized by the Cares Act, that was utilized to fund our payroll obligations. We currently foresee no further financial action needed to address our ongoing operations as a result of the COVID-19 pandemic. and believe that the firm and its management do not have any other financial conditions likely to impair its ability to meet commitments to clients.

## **Item 19 – Requirements for State-Registered Advisers**

Item 19 is not applicable to Federally registered investment advisers.

---

## **Item 20 – Other Information**

### ***Privacy Notice to Customers***

At Spectrum, we do not disclose nonpublic personal information about our individual clients or former clients except as permitted by law. We restrict access to nonpublic personal information about you (that we may obtain from your account and your transactions) to those employees who need to know that information to provide products or services to you or to alert you to new, enhanced or improved products or services we provide. We maintain physical, electronic and procedural safeguards that comply with federal standards to safeguard your nonpublic personal information.

### ***Business Continuity Plan***

Spectrum has developed a Business Continuity Plan to address how we will respond to events that may disrupt its business. Since timing and impact of disasters is unpredictable, we will have to be flexible in responding to the events as they occur. This plan is designed to permit us to resume operations as quickly as possible, given the scope and severity of the significant business disruption. The Business Continuity Plan covers data backup and recovery, mission critical systems financial and operational assessments, alternative communications, alternate business locations, bank and counter-party impact, regulatory reporting and the assurance of prompt access to funds and securities for our customers.

Varying Disruptions – Significant business disruptions can vary in their scope, such as emergencies affecting only a single building housing Spectrum, the business district where we are located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only us or a building housing us, we will transfer our operations to an emergency-ready local site, moving a select group of trained employees and expecting to recover and resume business within four hours. In a disruption affecting our business district, city, or region, we will move appropriate staff to a site outside of the affected area to be able to communicate with TD Ameritrade, Inc. on behalf of our clients. In either situation, we plan to continue in business, transferring operations to our clearing firm, if necessary.

If you have questions about our Business Continuity Plan, please feel free to contact us.