

Item 1: Cover Page
Part 2A of Form ADV: Firm Brochure
February 05 2024



Nerad + Deppe Wealth Management
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Chief Compliance Officer

This brochure provides information about the qualifications and business practices of NDWM LLC *dba* Nerad + Deppe Wealth Management. If clients have any questions about the contents of this brochure, please contact us at (858) 457-1325 or rick@nd-wm.com. 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. Additional information about our firm is also available on the SEC's website at www.adviserinfo.sec.gov by searching CRD #151284.

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

Item 2: Material Changes

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

Since the last annual amendment filed on February 28, 2023, we have no material changes to report:

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Item 4: Advisory Business

Our firm is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed under the laws of the State California in 2009 and was an investment adviser until becoming inactive in 2019 when our firm agreed to merge its advisory business with AlphaCore Capital LLC. However, our firm decided to end our affiliation with AlphaCore Capital and re-apply for registration as an investment adviser in the states of California and Texas in 2020. Our firm is owned by Steven J. Deppe (50%) and Richard E. Nerad (50%).

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation and any other matters related to investment decisions made by our firm or its representatives. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing our client. Our firm has established a service-oriented advisory practice with open lines of communication for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. Working with clients to understand their investment objectives while educating them about our process facilitates the kind of working relationship we value.

Description of the Types of Advisory Services We Offer:

Investment Management:

As part of our Investment Management service, a portfolio is created, typically consisting of exchange-traded funds ("ETFs"). If clients elect to keep mutual funds, individual stocks, or any other holdings, we make exceptions; however, these are not particularly investments we recommend. Portfolios will be designed to meet a certain investment goal, determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we explain to clients in great detail how the portfolios will be managed.

We may utilize the sub-advisory services of a third-party investment advisory firm or individual advisor to aid in the implementation of an investment portfolio designed by our firm. Before selecting a firm or individual, our firm will ensure that the chosen party is properly licensed or registered. Our firm will not offer advice on any specific securities or other investments in connection with this service. We will provide initial due diligence on third-party money managers and ongoing reviews of their management of client accounts. In order to assist in the selection of a third-party money manager, our firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our firm will periodically review third-party money manager reports provided to the client at least annually. Our firm will contact clients from time to time in order to review their financial situation and objectives; communicate information to third-party money managers as

warranted; and assist the client in understanding and evaluating the services provided by the third-party money manager. Clients will be expected to notify our firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

Financial Planning & Consulting:

Our firm provides a variety of stand-alone financial planning and consulting services to clients for the management of financial resources based upon an analysis of current situation, goals, and objectives. Financial planning services will typically involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, or Business and Personal Financial Planning.

Tailoring of Advisory Services:

We offer individualized investment advice to clients utilizing the Investment Management service offered by our firm. Additionally, we offer general investment advice to clients utilizing our Financial Planning & Consulting services.

On more than an occasional basis, Nerad + Deppe Wealth Management furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Investment Management service. We do not manage assets through our other services.

Participation in Wrap Fee Programs:

We do not offer wrap fee programs.

Regulatory Assets Under Management:

Our firm manages \$133, 857, 339 on a discretionary basis and \$0 on a non-discretionary basis as of December 31, 2023.

Item 5: Fees & Compensation

We are required to describe our brokerage, custody, fees, and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally negotiable.

Investment Management:

The maximum annual fee charged for these services will not exceed 1.25%. Fees are determined by individual investor attributes, such as age, time horizon, risk tolerance, net worth, and financial goals. Fees are negotiable and will be deducted from the client account(s). Wherever appropriate, fees will be debited from what we believe to be the most advantageous account within the household. Fees to be assessed will be outlined in the advisory agreement to be signed by the client. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Adjustments will be made for deposits and withdrawals during the quarter. Our firm does not offer direct invoicing. Our firm bills on cash unless otherwise agreed upon.

The maximum annual fee charged to clients utilizing third-party managers will not exceed the maximum fee published above for this service. Our firm will debit fees for this service as disclosed in the executed advisory agreement between the client and our firm. This fee shall be in addition to any fees assessed by the chosen third-party manager. The third-party managers we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them. Third-party managers establish and maintain their own separate billing processes over which we have no control. They will directly bill you and describe how this works in their separate written disclosure documents.

As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm;
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, urging the comparison of information provided in our statement with those from the qualified custodian will be included.

Financial Planning & Consulting:

Our firm charges on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum hourly fee to be charged will not exceed \$250. Flat fees range from \$1,200 to \$10,000. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement.

Our firm will not require a retainer exceeding \$1200 when services cannot be rendered within six months.

Financial Planning & Consulting clients who also engage our firm for Investment Management services may elect to have fees for financial planning and consulting services to be deducted from their managed account(s) on a pro-rata basis quarterly basis in advance. As part of this process, Clients understand the following:

- a) Clients must provide our firm with written authorization permitting direct payment of advisory fees from their account(s) maintained by a custodian who is independent of our firm;
- b) Our firm sends quarterly statements to the client showing the fee amount, the value of the assets upon which the fee is based, and the specific manner in which the fee is calculated as well as disclosing that it is the client's responsibility to verify the accuracy of fee calculation, and that the custodian does not determine its accuracy; and
- c) The account custodian sends a statement to the client, at least quarterly, showing all account disbursements, including advisory fees.

Other Types of Fees & Expenses:

Clients may incur transaction charges for trades executed by their custodian via individual transaction charges. These transaction fees are separate from our fees and will be disclosed by the account custodian. Fidelity Brokerage Services ("Fidelity") eliminated transaction fees for U.S. listed equities and exchange-traded funds for client who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity. Clients who do not want to meet either criteria will be subject to transaction fees charged by Fidelity for U.S. listed equities and exchange-traded funds. Fidelity also charges an annualized fee of \$20 in quarterly installments for each client account custodied at Fidelity.

Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange-traded fund which shall be disclosed in the fund's prospectus (e.g., fund management fees, distribution fees, surrender charges, IRA and qualified retirement plan fees, mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions). Our firm does not receive a portion of these fees.

Our firm, in its sole discretion, may waive its minimum account balance requirement and/or charge a lesser financial planning or investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Termination & Refunds:

Either party may terminate the advisory agreement signed with our firm for Investment Management services in writing at any time. Upon notice of termination our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance which clients shall receive at the start of the next quarter.

Financial Planning & Consulting clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee disclosed in the signed consulting agreement. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm.

Commissionable Securities Sales:

Our firm and its representatives do not sell securities for a commission in advisory accounts.

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

Our firm does not charge performance-based fees.

Item 7: Types of Clients & Account Requirements

We have the following types of clients:

- Individuals;
- High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations; &
- Pension and Profit-Sharing Plans.

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

- We generally require a minimum account balance of \$500,000 for our Investment Management service. However, our firm, in its sole discretion, may reduce or waive the minimum account balance requirement on a case-by-case basis.
- Written financial plans are generally assessed a minimum fee of \$1,200.

Clients who opt into electronic delivery of statements or maintain at least \$1 million in assets at Fidelity will not be charged transaction fees for U.S. listed equities and exchange-traded funds.

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

Methods of Analysis:

Charting: In this type of technical analysis, our firm reviews charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

Cyclical Analysis: Statistical analysis of specific events occurring at a sufficient number of relatively predictable intervals that they can be forecasted into the future. Cyclical analysis asserts that cyclical forces drive price movements in the financial markets. Risks include that cycles may invert or disappear and there is no expectation that this type of analysis will pinpoint turning points, instead be used in conjunction with other methods of analysis.

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

Investment Strategies We Use:

Long-term purchases. When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Options: An option is a financial derivative that represents a contract sold by one party (the option writer) to another party (the option holder, or option buyer). The contract offers the buyer the right, but not the obligation, to buy or sell a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). Options are extremely versatile securities. Traders use options to speculate, which is a relatively risky practice, while hedgers use options to reduce the risk of holding an asset. In terms of speculation, option buyers and writers have conflicting views regarding the outlook on the performance of a:

- *Call Option:* Call options give the option to buy at certain price, so the buyer would want the stock to go up. Conversely, the option writer needs to provide the underlying shares in the event that the stock's market price exceeds the strike due to the contractual obligation. An option writer who sells a call option believes that the underlying stock's price will drop relative to the option's strike price during the life of the option, as that is how he will reap maximum profit. This is exactly the opposite outlook of the option buyer. The buyer believes that the underlying stock will rise; if this happens, the buyer will be able to acquire the stock for a lower price and then sell it for a profit. However, if the underlying stock does not close above the strike price on the expiration date, the option buyer would lose the premium paid for the call option.
- *Put Option:* Put options give the option to sell at a certain price, so the buyer would want the stock to go down. The opposite is true for put option writers. For example, a put option buyer is bearish on the underlying stock and believes its market price will fall below the specified strike price on or before a specified date. On the other hand, an option writer who sells a put option believes the underlying stock's price will increase about a specified price on or before the expiration date. If the underlying stock's price closes above the specified strike price on the expiration date, the put option writer's maximum profit is achieved. Conversely, a put option holder would only benefit from a fall in the underlying stock's price below the strike price. If the underlying stock's price falls below the strike price, the put option writer is obligated to purchase shares of the underlying stock at the strike price.

The potential risks associated with these transactions are that (1) all options expire. The closer the option gets to expiration, the quicker the premium in the option deteriorates; and (2) Prices can move very quickly. Depending on factors such as time until expiration and the relationship of the stock price to the option's strike price, small movements in a stock can translate into big movements in the underlying options.

Futures: Futures are financial contracts obligating the buyer to purchase an asset or the seller to sell an asset, such as a physical commodity or a financial instrument, at a predetermined future date and price. Futures contracts detail the quality and quantity of the underlying asset; they are standardized to facilitate trading on a futures exchange. Some futures contracts may call for physical delivery of the asset, while others are settled in cash. The futures markets are characterized by the ability to use very high leverage relative to stock markets. Futures can be used to hedge or speculate on the price movement of the underlying asset. For example, a producer of corn could use futures to lock in a certain price and reduce risk, or anybody could speculate on the price movement of corn by going long or short using futures.

Futures contracts are used to manage potential movements in the prices of the underlying assets. If market participants anticipate an increase in the price of an underlying asset in the future, they could potentially gain by purchasing the asset in a futures contract and selling it later at a higher price on the spot market or profiting from the favorable price difference through

cash settlement. However, they could also lose if an asset's price is eventually lower than the purchase price specified in the futures contract. Conversely, if the price of an underlying asset is expected to fall, some may sell the asset in a futures contract and buy it back later at a lower price on the spot.

The purpose of hedging is not to gain from favorable price movements but prevent losses from potentially unfavorable price changes and in the process, maintain a predetermined financial result as permitted under the current market price. To hedge, someone is in the business of actually using or producing the underlying asset in a futures contract. When there is a gain from the futures contract, there is always a loss from the spot market, or vice versa. With such a gain and loss offsetting each other, the hedging effectively locks in the acceptable, current market price.

Inverse Exchange Traded Funds: An ETF traded on a public stock market, which is designed to perform as the inverse of whatever index or benchmark it is designed to track. These funds work by using short selling, trading derivatives such as futures contracts, and other leveraged investment techniques. Investing in inversion ETFs is similar to holding various short positions, or using a combination of advanced investment strategies to profit from falling prices. Also known as a "Short ETF," or "Bear ETF." Inverse ETFs along with other ETFs that use derivatives, typically are not used as long-term investments. Many inverse ETFs utilize daily futures contracts to produce their returns, and this frequent trading often increases fund expenses. Inverse and leveraged inverse ETFs tend to have higher expense ratios than standard index ETFs, since the funds are by their nature actively managed; these costs can eat away at performance. An inverse ETF needs to buy when the market rises and sell when it falls in order to maintain a fixed leverage ratio. This results in a volatility loss proportional to the market variance. Compared to a short position with identical initial exposure, the inverse ETF will therefore usually deliver inferior returns. The exception is if the market declines significantly on low volatility so that the capital gain outweighs the volatility loss. Such large declines benefit the inverse ETF because the relative exposure of the short position drops as the market falls. Since the risk of the inverse ETF and a fixed short position will differ significantly as the index drifts away from its initial value, differences in realized payoff have no clear interpretation. It may therefore be better to evaluate the performance assuming the index returns to the initial level. In that case an inverse ETF will always incur a volatility loss relative to the short position. As with synthetic options, leveraged ETFs need to be frequently rebalanced. These strategies are generally designed for intra-day trading, however may be held for longer durations in cases we deem it prudent to do so.

Please Note:

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease, and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, and that your assets are diversified in investments, when appropriate. Clients are encouraged to ask our firm any

questions regarding their risk tolerance, which we feel should be based on investment opportunities currently available in the market.

Description of Material, Significant or Unusual Risks:

Capital Risk: Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100% of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

Economic Risk: The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

Equity (Stock) Market Risk: Common stocks are susceptible to general stock market fluctuations and, volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

ETF & Mutual Fund Risk: When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities, the ETF, or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.

Financial Risk: Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

Fixed Income Securities Risk: Typically, the values of fixed-income securities change inversely with prevailing interest rates. Therefore, a fundamental risk of fixed-income securities is interest rate risk, which is the risk that their value will generally decline as prevailing interest rates rise, which may cause your account value to likewise decrease, and vice versa. How specific fixed income securities may react to changes in interest rates will depend on the specific characteristics of each security. Fixed-income securities are also subject to credit risk, prepayment risk, valuation risk, and liquidity risk. Credit risk is the chance that a bond issuer will

fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of a bond to decline.

Inflation Risk: Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

Interest Rate Risk: Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

Market Risk: The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company's intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security's price due to company specific events (e.g. earnings disappointment or downgrade in the rating of a bond) or general market risk (e.g. such as a "bear" market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

Past Performance: Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

Strategy Risk: There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any

investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

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

Compounding Risk: Compounding risk is one of the main types of risks affecting inverse ETFs. Inverse ETFs held for periods longer than one day are affected by compounding returns. Since an inverse ETF has a single-day investment objective of providing investment results that are one times the inverse of its underlying index, the fund's performance likely differs from its investment objective for periods greater than one day. Investors who wish to hold inverse ETFs for periods exceeding one day must actively manage and rebalance their positions to mitigate compounding risk. The effect of compounding returns becomes more conspicuous during periods of high market turbulence. During periods of high volatility, the effects of compounding returns cause an inverse ETF's investment results for periods longer than one single day to substantially vary from one times the inverse of the underlying index's return.

Derivative Securities Risk: Many inverse ETFs provide exposure by employing derivatives. Derivative securities are considered aggressive investments and expose inverse ETFs to more risks, such as correlation risk, credit risk and liquidity risk. Swaps are contracts in which one party exchanges cash flows of a predetermined financial instrument for cash flows of a counterparty's financial instrument for a specified period. Swaps on indexes and ETFs are designed to track the performances of their underlying indexes or securities. The performance of an ETF may not perfectly track the inverse performance of the index due to expense ratios and other factors, such as negative effects of rolling futures contracts. Therefore, inverse ETFs that use swaps on ETFs usually carry greater correlation risk and may not achieve high degrees of correlation with their underlying indexes compared to funds that only employ index swaps. Additionally, inverse ETFs using swap agreements are subject to credit risk. A counterparty may be unwilling or unable to meet its obligations and, therefore, the value of swap agreements with the counterparty may decline by a substantial amount. Derivative securities tend to carry liquidity risk, and inverse funds holding derivative securities may not be able to buy or sell their holdings in a timely manner, or they may not be able to sell their holdings at a reasonable price.

Correlation Risk: Inverse ETFs are also subject to correlation risk, which may be caused by many factors, such as high fees, transaction costs, expenses, illiquidity and investing methodologies. Although inverse ETFs seek to provide a high degree of negative correlation to their underlying indexes, these ETFs usually rebalance their portfolios daily, which leads to higher expenses and transaction costs incurred when adjusting the portfolio. Moreover, reconstitution and index rebalancing events may cause inverse funds to be underexposed or

overexposed to their benchmarks. These factors may decrease the inverse correlation between an inverse ETF and its underlying index on or around the day of these events.

Futures contracts are exchange-traded derivatives that have a predetermined delivery date of a specified quantity of a certain underlying security, or they may settle for cash on a predetermined date. With respect to inverse ETFs using futures contracts, during times of backwardation, funds roll their positions into less-expensive, further-dated futures contracts. Conversely, in contango markets, funds roll their positions into more-expensive, further-dated futures. Due to the effects of negative and positive roll yields, it is unlikely for inverse ETFs invested in futures contracts to maintain perfectly negative correlations to their underlying indexes on a daily basis.

Short Sale Exposure Risk: Inverse ETFs may seek short exposure through the use of derivative securities, such as swaps and futures contracts, which may cause these funds to be exposed to risks associated with short selling securities. An increase in the overall level of volatility and a decrease in the level of liquidity of the underlying securities of short positions are the two major risks of short selling derivative securities. These risks may lower short-selling funds' returns, resulting in a loss.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities & Affiliations

Our firm is not registered, nor does it have an application pending to register, as a broker-dealer, registered representative of a broker dealer, municipal securities dealer, government securities dealer or broker, investment company or pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," or offshore fund), other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer or a sponsor or syndicator of limited partnership, or an associated person of the foregoing entities.

Please refer to Item 4 above for more information about the selection of third-party managers. Prior to recommending any third-party manager, our firm will ensure that the chosen party is properly licensed or registered with respective authorities.

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

An investment adviser is considered a fiduciary and our firm has a fiduciary duty to all clients. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts¹. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest. Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics.

Further, our related persons will refrain from buying or selling the same securities that will be bought or sold for our clients in the same day unless done so after the client execution or concurrently as part of a block trade. Our related persons may buy or sell the same securities as client accounts via market on close orders.

Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics.

Item 12: Brokerage Practices

Selecting a Brokerage Firm:

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

While our firm does not maintain physical custody of client assets, we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts (see *Item 15 Custody*, below). Client assets must be maintained by a qualified custodian. Our firm seeks to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. The factors considered, among others, are these:

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

Our firm has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides our firm with "institutional platform services." Our firm is independently operated and owned and is not affiliated with Fidelity. The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity may make certain research and brokerage services available at no additional cost to our firm. Research products and services provided by Fidelity may include: research reports on recommendations or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Fidelity to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934.

Fidelity does not make client brokerage commissions generated by client transactions available for our firm's use. The aforementioned research and brokerage services are used by our firm to manage accounts for which our firm has investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Fidelity as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Fidelity and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Our clients may pay a transaction fee or commission to Fidelity 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 provided to the client as a whole.

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. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Soft Dollars:

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

Client Brokerage Commissions:

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

Client Transactions in Return for Soft Dollars:

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

Brokerage for Client Referrals:

Our firm does not receive brokerage for client referrals.

Directed Brokerage:

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

Client-Directed Brokerage:

Our firm does not allow client-directed brokerage outside our recommendations.

Aggregation of Purchase or Sale:

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

Item 13: Review of Accounts or Financial Plans

Our management personnel, Steven Deppe and Richard Nerad, who is also our firm's Chief Compliance Officer, typically conduct reviews of accounts on a monthly basis for our Investment Management clients. In the event Mr. Deppe and Mr. Nerad cannot conduct reviews at least monthly, accounts will be reviewed no less than annually. The purpose of these reviews is to educate clients about our practices and provide detailed explanations for our firm's investment decisions, taking into consideration the state of the market and other variables. Our firm does not provide written reports, unless asked to do so. Verbal reports to clients take place on at least an annual basis when our Investment Management clients are contacted.

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

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. Our firm does not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately engage our firm for a post-financial plan meeting or update to their initial written financial plan.

Item 14: Client Referrals & Other Compensation

Fidelity:

Except for the arrangements outlined in Item 12 of Form ADV Part 2A, our firm has no additional arrangements to disclose.

Referral Fees:

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

Item 15: Custody

Deduction of Advisory Fees:

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under "Third Party Money Movement." All of our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

Third-Party Money Movement:

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the

Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards. As such, our firm has adopted the following safeguarding procedures in conjunction with our custodian, Fidelity:

- Fidelity's forms, used to establish a standing letter of authorization, include the name and account number on the receiving account and must be signed by the client.
- Fidelity's SLOA forms currently require client's signature.
- Fidelity performs verification on all SLOA forms and sends a transfer of notice to the client promptly following the transaction.
- Clients always have the ability to terminate (or amend) an SLOA in writing.
- Our firm has no authority, or ability, to amend the third party designated on a standing instruction.
- Our firm maintains records showing the third party is not a related party of our firm or located at our firm.
- Fidelity notifies the client in writing when a new standing instruction is set up. Clients also receive an annual mailing reconfirming the existence of the standing instruction.

Item 16: Investment Discretion

Our firm requires clients to provide us with discretionary authority over their account(s). By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Should clients grant our firm non-discretionary authority, our firm would be required to obtain the client's permission prior to effecting securities transactions. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

Item 17: Voting Client Securities

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

Item 18: Financial Information

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

- We do not require the prepayment of more than \$1200 in fees and six or more months in advance.

- We do not take custody of client funds or securities.
 - We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
 - Our firm has never been the subject of a bankruptcy proceeding.
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