

# DISCLOSURE BROCHURE

THE INVESTMENT ADVISERS ACT OF 1940 RULE 203-1

Part 2A of Form ADV: Firm Brochure



Firm IARD/CRD #: 158863

SEC File #: 801-113826

Xcel Wealth Management, LLC

REGISTERED INVESTMENT ADVISOR

Cover Page **ITEM 1**

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This Disclosure Brochure provides information about the qualifications and business practices of Xcel Wealth Management, LLC, which should be considered before becoming a client. You are welcome to contact us if you have any questions about the contents of this brochure - our contact information is listed to the right. Additional information about Xcel Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator. Furthermore, the term "registered investment advisor" is not intended to imply that Xcel Wealth Management, LLC, has attained a certain level of skill or training.

BROCHURE  
DATED

**1**  
**JANUARY**  
**2024**



## MATERIAL CHANGES

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ITEM 2

There are no material changes to report. This Disclosure Brochure has been reviewed and is current as of the date indicated on the cover.



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## BROCHURE SUPPLEMENTS

**ADVISORY BUSINESS**

ITEM 4

**Who We Are**

Xcel Wealth Management, LLC (hereinafter referred to as “Xcel”, the “Company” “we”, “us” and “our”) is a registered investment advisor<sup>1</sup> organized in August 2011 as a Florida Limited Liability Company to assist you, our client<sup>2</sup>, achieve superior investment returns in your investment portfolio.<sup>3</sup>

**Owners**

The following person controls Xcel:

Name	Title	CRD#
Jonathan S. Xynidis	Managing Member & Chief Compliance Officer	4174055

**Assets Under Management**

As of December 31, 2023, our assets under management totaled:

Client Discretionary Managed Accounts .....	\$337,121,769
Client Non-Discretionary Managed Accounts .....	\$6,300,604

**Our Mission**

Our mission is to manage your investable assets and to assist you in making intelligent, informed decisions on how best to achieve long-term growth and capital appreciation in your investment portfolio. We maintain one overall objective - structure and implement investment strategies designed to maximize wealth, maintain investment expectation, and minimize risk.

**What We Do**

**We manage wealth.** Our portfolio management services begin with stressing the importance of you making fiscally responsible decisions and disciplined economic choices in your personal life so we can effectively help you achieve your monetary goals for today’s needs, tomorrow’s dreams, and a future legacy.

Focus of our portfolio management will be to identify your unique investment parameters that once defined, will allow us to provide clear perspective and insight into the investment alternatives to be most effective for your situation. These identifying parameters are a beginning point to successful portfolio management that includes:

<sup>1</sup> The term “registered investment advisor” is not intended to imply that Xcel Wealth Management, LLC has attained a certain level of skill or training. It is used strictly to reference the fact that we are “registered” as a licensed “investment advisor” with the United States Securities & Exchange Commission (the “SEC”) - and “Notice Filed” with State Regulatory Agencies that may have limited regulatory jurisdiction over our business practices.

<sup>2</sup> A client could be a high net-worth individual and their family members, a family office, a foundation or endowment, a charitable organization, a corporation and/or small business, a trust, a guardianship, an estate, or any other type of entity to which we choose to give investment advice.

<sup>3</sup> Xcel Wealth Management, LLC is a fiduciary, as defined within the meaning of Title I of the Employer Retirement Income Security Act of 1974 (“ERISA”) and/or as defined under the Internal Revenue Code of 1986 (the “Code”) for any investment services provided to a client who is: (i) a plan participant or beneficiary of a retirement plan subject to ERISA or as described under the Code; or (ii) the beneficial owner of an Individual Retirement Account (“IRA”).



- ❖ **Risk Assessment** - An attempt to identify your level of tolerable risk to an acceptable level of market volatility and expected investment return.
- ❖ **Investment Composition** - An investment strategy designed to achieve your unique financial expectations relative to your risk factors and predetermined benchmarks.
- ❖ **Tax Management** - Income producing investments, if at or nearing retirement or are risk averse, designed to protect assets and capitalize on investment returns that yield either a low tax base income or are tax exempt.

From these identifying factors we will construct managed portfolios consist primarily of equity (“stock”) positions, fixed income/debt (“bond”) instruments, derivatives (“options”) contracts, investment company (“mutual fund”) products, and exchange traded funds (“ETFs”).

You can find more information about our management fees and services under “Portfolio Management” in Item 5, “Fees & Compensation” and further description of our management style under Item 8, “Methods of Analysis, Investment Strategies & Risk of Loss”.

### How We Get to Know You

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As a new client, we will have a pre-advisory consultation with you to discuss issues such as your current income and expenses, career, personal goals, investment return expectations and prior investment experience. In addition, we may have you complete a profile questionnaire<sup>4</sup> to gain greater insight into your financial needs.

With the complexity of today’s marketplace, it is critical for us to understand who you are and what you want to accomplish financially. We must have a clear picture of your unique financial composition and risk tolerance so that we can develop a successful portfolio management strategy and tailored asset allocation guideline. Our meetings with you to discuss your finances will help to eliminate much of the guesswork in achieving the security and independence you desire and simplify your financial alternatives. In return, we will have:

- ❖ Defined and narrowed objectives and investment options;
- ❖ Identified areas of greatest distress;
- ❖ Developed a strategy for addressing concerns about the future;
- ❖ Cultivated peace of mind; and,
- ❖ Created a unique picture of your overall economic personality.

Once your financial parameters have been identified, we will prepare an asset allocation plan that outlines what asset mix is most suitable for your unique investment expectations and risk tolerance. This asset allocation plan will guide us in the management of your account(s), and as a standard against which to measure future results and to make modifications where necessary.

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<sup>4</sup> The profile questionnaire we use is an important tool in gathering information about your investment methodology, risk tolerance, income/tax bracket, liquidity, time horizons, etc. If you elect not to answer the questionnaire or chooses to respond with limited input, it is possible that we could operate in a handicapped capacity contrary to your investment needs. Therefore, if you desire the most effective and accurate recommendations regarding your managed account(s), you should make every effort to provide us with your detailed personal needs and objectives, along with detailed financial and tax information.



## FEES & COMPENSATION

### Portfolio Management

Portfolio management is provided on an asset-based fee arrangement. Management fees are calculated based on the aggregate market value of your account on the last business day of the previous calendar quarter multiplied by one-fourth of the corresponding annual percentage rate for each portion of your portfolio assets that fall within each tier (See “Billing” below under “Protocols for Portfolio Management” for more information.).

We retain discretion to negotiate the management fee within each tier on a client-by-client basis depending on the size and complexity of the portfolio managed. In addition, a fee break will occur as assets in your portfolio increase past the following tier:

Account Value	Annual Fee Rate Not to Exceed
First \$2,000,000 .....	1.50%
Over \$2,000,000 .....	0.75%

We **do not** require a minimum initial investment to open a managed account; however, we retain the option to accept your request for us to manage your Portfolio regardless of the account size.

### Protocols for Portfolio Management

The following protocols establish how we handle our portfolio management accounts and what you should expect when it comes to: (i) managing your account; (ii) your bill for investment services; and (iii) other fees charged to your account(s).

#### Discretion

Over and above for certain retirement plans, we will establish discretionary trading authority on all management accounts to execute securities transactions at any time without your prior consent or advice. You may, however, impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

#### Billing

Your account will be billed a blended fee quarterly in arrears based on the fair market value for the portion of your portfolio that fall within each tier of our fee schedule. For example:

Account Value: \$5,000,000	Annual Fee % (Per Tier)	Tier Fee Contribution (Based on the Account Value Within Each Tier)
First \$2,000,000	1.50%	0.60%
Next \$3,000,000	0.75%	0.45%
Blended Annual Fee %		1.05%



For new managed accounts opened in mid-quarter, our fee will be based upon a pro-rated calculation of your assets managed for the prior quarterly period. Advisory fees will be deducted first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees.

#### Fee Exclusions

The above fees for all of our management services are exclusive of any charges imposed by the custodial firm including, but not limited to: (i) any Exchange/SEC fees; (ii) certain transfer taxes; (iii) service or account charges, including, postage/handling fees, electronic fund and wire transfer fees, auction fees, debit balances, margin interest, certain odd-lot differentials and mutual fund short-term redemption fees; and (iv) brokerage and execution costs associated with securities held in your managed account. There can also be other fees charged to your account that are unaffiliated with our management services.

In addition, all fees paid to us for portfolio management services are separate from any fees and expenses charged on mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as: redemption fees, account fees, and purchase fees may occur but are the exception within managed accounts at institutional custodians. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. You are encouraged to carefully read the fund prospectus.

#### Termination of Investment Services

To terminate investment advisory services, either party (you or us) by written notification to the other party, may terminate the Investment Advisory Agreement at any time, provided such written notification is received at least 30 days prior to the date of termination. Such notification should include the date the termination will go into effect along with any final instructions on the account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity).

In the event termination does not fall on the last day of a calendar quarter, we will bill your account a pro-rated quarterly management fee based upon the number of days in the quarter we managed your portfolio. Once the termination of investment advisory services has been implemented, neither party has any obligation to the other - we no longer earn management fees or give investment advice and you become responsible for making all future investment decisions.

### PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

ITEM 6

We do not charge fees based on a share of capital gains or the capital appreciation of the assets held in your accounts.

### TYPES OF CLIENTS

ITEM 7

The types of clients we offer advisory services are described above under "Who We Are" in the Item 4, the "Advisory Business" section. We do not have minimum account size requirements.



## METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

ITEM 8

Our portfolio management services combine your financial needs and investment objectives, time horizon, and risk tolerance to yield an effective investment strategy. Your portfolio is then tailored to these unique investment parameters using primarily equity (“stock”) positions, fixed income/debt (“bond”) instruments, investment company (“mutual fund”) products, and exchange traded funds (“ETFs”).

In addition, depending on your risk tolerance, we may also recommend using the following investment vehicles to achieve your desired investment objective: derivatives (i.e., options, commodities, etc.), leveraged index funds, closed-end funds, hedge funds, private placements, and other publicly/privately traded securities. However, these investment vehicles bring on a different risk dynamic. If we recommend investment in one of these securities, we will discuss with you the limitations of such security and the potential risk factors to your portfolio.

### Methods of Analysis

In analyzing securities for inclusion in a portfolio, we will use a combination of analysis techniques to gather information and to guide us in our management decisions.

#### Fundamental Analysis

Fundamental analysis considers: economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits.

**RISKS** - Fundamental analysis places greater value on the long-term financial structure and health of a company, which may have little to no bearing on what is actually happening in the market place. Investing in companies with sound financial data/strength and a history of health returns can be a good long-term investment to hold in your portfolio; however, such fundamental data does not always correlate to the trading value of the stock on the exchanges. In the short-term, the stock can decrease in value as investors trade in other market sectors.

#### Quantitative Analysis

Quantitative analysis seeks to understand the behavior of a security using mathematical and statistical modeling to measure certain unique characteristics such as, for example, revenues, earnings, margins, and market share. Mathematical and statistical modeling helps us to ascertain security price and risk to ultimately help identify profitable opportunities.

**RISKS** - The key benefit of quantitative analysis is its ability to reduce complex figures to a single piece of data that is easy to grasp, discuss, and support decision-making and investment recommendations. However, using quantitative analysis alone with no further evaluation is often too narrow and sometime misleading since focus is on financial data while neglecting other details such as management experience, employee attitudes, and brand recognition.





## Technical Analysis

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Technical analysis utilizes current and historical pricing information to help us identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. This may involve the use of various technical indicators, such as moving averages and trend-lines, among others.

**RISKS** - Technical analysis is charting the historical market data of a stock, taking into consideration current market conditions, to forecast the direction of a future stock price rather than using fundamental tools for evaluating a company's financial strength. Technical analysis focuses on the price movement of a security trading in the market place. This is an ideal tool for short-term investing to identify ideal market entry/exit points. However, no market indicator is absolutely reliable, and your investment portfolio can underperform in the short-term should the market indicators be incorrect.

## Cyclical Analysis

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Market cycles provide historic tried and true timing mechanisms to indicate turning points in future market prices. By tracking historic data through charts and graphs we can improve entry and exit strategies.

**RISKS** - Cyclical data reveals regular intervals of repeated events that can be forecasted into the future to time the market on when to buy/sell a security. The risk with cyclical analysis is attempting to buy/sell a security based on a future price prediction and missing beneficial movements in price due to an error in timing. This causes harm to the value of the security being bought too high or sold too low.

**Fundamental analysis** provides us with a broad long-term view of a security that begins with determining a company's value and the strength of its financials while **quantitative analysis** assists us with portfolio optimization techniques. **Technical analysis** is short-term focusing on the statistics generated by market activity; and, **cyclical analysis** provides us with historical data on market trends to focus our technical analysis for ideal entry/exit points.

## Investment Strategies

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We are not bound to a specific investment strategy or ideology for the management of your investment portfolio. We understand markets and **money made** from increased stock values has greater risk (volatility) than **money earned** from dividends (secure and stable) in income-oriented securities. Our goal is to balance making and earning money by maintaining a disciplined management approach, regardless of the strategy, so as to not sacrifice long-term goals for short term gains.

## Asset Allocation

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**Asset allocation is the foundation of any investment strategy we will ever incorporate into a portfolio.** Asset allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk. From this there are more narrow and aggressive Asset allocation combinations and derivatives that we may use.

Investment positions in portfolios are usually diversified into at least ten different sectors of the market in order to minimize sector and industry risk. A typical equity portfolio may hold 10 to 40 positions in individual stocks and/or stock mutual funds and ETFs. The investment strategy for fixed income portfolios is designed to capitalize on opportunities available during



the interest rate cycle. Bonds also provide added diversification for accounts requiring higher income. Our objective is to pay close attention to the spreads between government and corporate bonds and invest primarily in high quality investment grade bonds and/or bond mutual funds. Municipal bonds are utilized in taxable accounts if they provide a higher tax-advantaged yield.

### Value Investing

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Value Investing involves selecting stocks that trade for less than their intrinsic values, being more concerned with the business and its fundamentals than other influences on the stock's price. Value investing is about finding stocks that we believe the market has undervalued.

We perform fundamental analysis of a company's stock looking at both the qualitative (business model, governance, earning potential, target market factors, etc...) and quantitative (ratios, cash flow, dividends, financial statement analysis, etc...) aspects of the company to determine if the business is currently out of favor with the market and the stock price is deflated. Generally, if we find that a company's fundamentals reveal the stock to be undervalued, we will buy and hold the security for the long term.

### Bond Investing

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Our bond investing focuses on an investment portfolio that aims to achieve long-term returns by investing in individual fixed income bonds generally with ratings of BBB or better at the time the investment is made. We also utilize fixed income mutual funds and ETFs. The investment methodology of the portfolio uses fixed income strategies designed to match the portfolio to your current and future income needs. We periodically assess our fixed income portfolios with regards to duration (interest rate sensitivity), industry and sector weightings, convexity, and yield to maturity, liquidity and quality - the key factors that determine fixed income market performance.

### Option<sup>5</sup> Investing

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Trading options generates income from the premiums received from option contract sales, dividend income, equity appreciation, and enhanced income returns using secured covered call/put options and/or option collars. Option trading is a neutral to bullish investment strategy designed to generate income in exchange for assuming the obligation to sell, or risk of selling, an equity position at a specified price - generally at a price slightly higher to moderately higher than where the stock is currently trading. In addition, we may use more bullish option strategies to increase investment return using ASO (Asset Secured Options) programs for uncovered call and put writing, spread options, and option collars.

### Managing Risk

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The biggest risk to you is the risk that the value of your investment portfolio will decrease due to moves in the market. This risk is referred to as the market risk factor, which is made up of four primary risks:

- ❖ **Interest Rate Risk** - Interest rate risk affects the value of bonds more than stocks. Essentially, when the interest rate on a bond begins to rise, the value (bond price)

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<sup>5</sup> Prior to any option trading activity, you will receive the "Characteristics and Risks of Standardized Options" produced by the Chicago Board Options Exchange. It is mutually understood between you and us, that you have read this document prior to engaging us to perform option trading activities. The "Characteristics and Risks of Standardized Options" thoroughly explain the risks and rewards associated with option trading.



begins to drop; and vice versa, when interest rates on a bond fall, the bond value rises.

- ❖ **Equity Risk** - Equity risk is the risk that the value of your stocks will depreciate due to stock market dynamics causing one to lose money.
- ❖ **Currency Risk** - Currency risk is the risk that arises from the change in price of one currency against that of another. Investment values in internationally securities can be affected by changes in exchange rates.
- ❖ **Commodity Risk** - Commodity risk refers to the uncertainties of future market values and the size of future income caused by the fluctuation in the prices of commodities (i.e., grains, metals, food, electricity, etc...).

The risk factors we have cited here are not intended to be an exhaustive list but are the most common risks your portfolio will encounter. Other risks that we haven't defined could be political, over-concentration, and liquidity to name a few. However notwithstanding these risk factors, the most important thing for you to understand is that regardless of how we analyze securities or the investment strategy and methodology we use to guide us in the management of your investment portfolio, **investing in a security involves a risk of loss that you should be willing and prepared to bear; and furthermore, past market performance is no guarantee that you will see equal or better future returns on your investment.**

## DISCIPLINARY INFORMATION

ITEM 9

We have no legal or disciplinary events to report.

## OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

ITEM 10

### Insurance Company Activities & Affiliations

All of our management persons are licensed as life and annuity insurance agents by the State of Florida and as non-resident agents in other states. As agents, these management persons are licensed to sell insurance-related products and earn commissions from the sale of these products. A conflict of interest can potentially occur when these management persons, as trusted advisors managing your portfolio for a fee, recommend you purchase an insurance product in which they will earn a commission. This can create a situation of divided loyalty and the objectivity of the advice rendered could be subjective and create a disadvantage to you.

Therefore, keep in mind you are under no obligation to accept these management persons recommendations to purchase insurance related products. **You are free to reject their recommendation** or, if you need the insurance, to choose the insurance agency, agent, and insurance company from whom to purchase the insurance. However, if you elect to purchase the insurance, regardless of where, and from whom you purchase it, such person will be entitled to earn a commission.

More information on the potential conflicts and economic benefits from being a licensed insurance agent can be found in each of our management persons **"Brochure Supplements."**

**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING**

ITEM 11

**Code of Ethics**

As a fiduciary, Xcel has an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim - to do right by others. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.

To help you understand our ethical culture and standards, how we control sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of our Code of Ethics is available for review upon request.

**Client Transactions**

We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of ours or any of our personnel. The following disclosures are internal guidelines we have adopted to assist us in protecting all of our clientele.

**Participation or Interest**

It is against our policies for any of our personnel to invest with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by Mr. Jon S. Xynidis, and such investment is not in violation of any SEC and/or State rules and regulations.

**Class Action Policy**

Xcel, as a general policy, does not elect to participate in class action lawsuits on your behalf. Rather, such decisions shall remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class action lawsuit by assisting with the development of an applicable cost-benefit analysis, for example. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.

**Personal Trading**

Employees of ours are permitted to personally invest their own monies in securities, which may also be, from time to time, recommended to you. Most of the time, such investment purchases are independent of, and not connected in any way to, the investment decisions made on your behalf. However, there may be instances where investment purchases for you may also be



made in an employee's account. In these situations, we have implemented the following guidelines in order to ensure our fiduciary integrity:

1. No employee acting as an Investment Advisor Representative ("RA"), or who has discretion over your account, shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No employee of ours shall prefer his or her own interest to that of yours or any other advisory client.
2. We maintain a list of all securities holdings for all our access employees. Our Chief Compliance Officer reviews these holdings on a regular basis.
3. We require that all employees act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Bunched orders (See "Trading Allocation" above) may include employee accounts. In such cases, priority and advantage will be given to satisfy your order first regardless of the situation.
5. Any individual not in observance of the above may be subject to termination.

Personal trading activities are monitored by Mr. Jon S. Xynidis to ensure that such activities do not impact upon your security or create conflicts of interest.

## BROKERAGE PRACTICES

ITEM 12

### Custodial Services

Xcel has custodial arrangements with Charles Schwab & Company, Inc. ("Schwab"), a licensed broker-dealer (member FINRA/SIPC), through its Schwab Advisor Services to financial advisors. Schwab offers us services which include custody of securities, trade execution, clearance and settlement of transactions.

Our recommendation for you to custody your assets with Schwab has no direct correlation to the services we receive from Schwab and the investment advice we offer you, although **we do receive economic benefits** through our relationship with Schwab that are typically not available to Schwab retail clients. These benefits include the following products and services (provided without cost or at a discount):

- ❖ Receipt of duplicate client statements and confirmations;
- ❖ Research related products and tools and consulting services;
- ❖ Access to a dedicated trading desk;
- ❖ Access to batch trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to accounts);
- ❖ The ability to have advisory fees deducted directly from accounts;
- ❖ Access to an electronic communications network for order entry and account information;
- ❖ Access to mutual funds and ETFs with no transaction fees and to certain institutional money managers;
- ❖ Discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors; and,
- ❖ Discounted and/or complimentary attendance at conferences, meetings, and other educational events, as well as financial contributions to client entertainment and/or educational seminars.



Schwab may also pay for business consulting and professional services received by our related persons. Some of the products and services made available by Schwab may benefit us and not you or your account. These products or services may assist us in managing and administering your accounts. Other services made available by Schwab are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel do not depend on the amount of brokerage transactions directed to Schwab.

**We are not a subsidiary of, or an affiliated entity of, Schwab.** We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from Schwab.

#### **Direction of Transactions and Commission Rates (Best Execution)**

**We have a fiduciary duty to put your interests before our own.** The advisory support services we received from Schwab creates an economic benefit to us and a potential conflict of interest to you; in that, our recommendation to custody your account(s) with Schwab may have been influenced by these arrangements/services. **This is not the case;** we have selected Schwab as our custodians of choice based on:

1. Their competitive transaction charges, trading platform, and on-line services for account administration and operational support.
2. Their general reputation, trading capabilities, investment inventory, their financial strength, and our personal experience working with Schwab staff.

Since we do not recommend, suggest, or make available a selection of custodians other than Schwab, and we have not verified whether their transaction fees are competitive with another custodian, **best execution may not always be achieved.** Therefore, **you do not have to accept our recommendation to use Schwab as your custodian.** However, if you elect to use another custodian, **we may not be able to provide you complete institutional services.**

#### **Aggregating Trade Orders**

Our objective in order execution is to act fairly, impartially, and to take all reasonable steps to obtain the best possible results (known as “best execution”) for our clients. Therefore, we will not bunch (aggregate) orders for a block trade unless: (i) the bunching of orders is done for the purpose of achieving best execution; and (ii) no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- ❖ **Security Trading Volume** - Bunching orders in a block trade can secure price parity and continuity for our clients during heavy trading activity.
- ❖ **Number of Clients** - The fewer the number of client accounts involved in the bunched order may not yield better pricing or order execution; it may be more advantageous to perform an individual market order for each client. In addition, preparing individual market orders, for the small number of accounts involved, may be quicker to complete than preparing a bunch order.
- ❖ **Financial Instruments** - The type of security involved as well as the complexity of order can affect our ability to achieve best execution.





## REVIEW OF ACCOUNTS

ITEM 13

Each client account is reviewed on an ongoing basis by Mr. Jon S. Xynidis or the supervised person over your account. The general economy, market conditions, and/or changes in tax law can trigger more frequent reviews. Cash needs will be adjusted as necessary. Material changes in your personal/financial situation and/or investment objectives will require additional review and evaluation for us to properly advise you on revisions to previous recommendations and/or services. However, it is **your responsibility to communicate these changes** for us to make the appropriate corrections to your management account(s).

You will receive statements, at least quarterly, from Schwab where your account(s) are held in custody. You are encouraged to review the trading activities disclosed on your account statements which summarizes your portfolio account value, current holdings, and all account transactions made during the quarter. It is important for you to review these documents for accurate reporting and to determine whether we are meeting your investment expectations.

## CLIENT REFERRALS & OTHER COMPENSATION

ITEM 14

### Referral Compensation

We may directly compensate persons for client referrals provided such persons are qualified and have entered a solicitation agreement with us as required by Rule 206(4)-1 of the Investment Adviser Act of 1940, as amended. Under such arrangements, if a solicitor referred you, the solicitor will provide you complete information on our relationship - the relationship between the solicitor and us - and the compensation the solicitor will receive should you choose to open an account. This compensation will be paid solely from our fee and will not result in any additional charge to you. In addition, we will adhere to each State's rules and regulations where the solicitor resides prior to entering into any solicitation agreement with that person.

The solicitor is not licensed to give you any investment advice and therefore cannot advise you on the management of your account. A solicitor simply makes an introduction and is compensated only if you were to open a management account with us under these arrangements.

### Other Compensation (Indirect Benefit)

Xcel receives an indirect economic benefit from Schwab (See "Custodial Services" above under Item 12, "Brokerage Practices" for more detailed information on these services and products could be.).

### Retirement Rollover Compensation

Earning a management fee from recommending the rollover of retirement plan assets to an IRA we manage is considered "self-dealing" and prohibited unless we comply with the Prohibited Transaction Exemption ("PTE") 2020-02, "Improving Investment Advice for Workers & Retirees" exemption issued by the Department of Labor. The DOL considers earning a management fee "self-dealing" because it increases our compensation and profits while potentially disregarding the underlying costs paid by, and the services provided under, the retirement plan that might



be more beneficial to you should your retirement assets remain with the plan. Therefore, when it comes to your retirement assets, there are typically four options you should consider when leaving an employer:

- ❖ Leave the account assets in the former employer's plan, if permitted.
- ❖ Rollover the assets to the new employer's plan if one is available and rollovers are permitted.
- ❖ Rollover the account assets to an Individual Retirement Account (an "IRA"); or,
- ❖ Cash out the retirement account assets (There may be tax consequences and/or IRS penalties depending on your age.).

Should you approach us to advise you on which option would be the best for your situation, we have an economic incentive to recommend you rollover your retirement account to a managed IRA account with us where we would earn a management fee on the assets. This can create a conflict of interest and the objectivity of the advice we render subjective and a disadvantage to you. Therefore, if we recommend you rollover your retirement account to an individually managed IRA account, you are under no obligation to engage us to manage your assets. You are free to take your account anywhere.

## CUSTODY

ITEM 15

### Management Fee Deduction

We do not take possession of or maintain custody of your funds or securities but will simply monitor the holdings within your portfolio and trade your account based on your stated investment objectives and guidelines. Physical possession and custody of your funds and/or securities shall be maintained with Schwab as indicated above in Item 12, "Brokerage Practices."

We are however defined as having custody since you have authorized us to deduct our advisory fees directly from your account. Therefore, to comply with the United States Securities and Exchange Commission's Custody Rule (1940 Act Rule 206(4)-2) requirements, and to protect you as well as to protect our advisory practice, we have implemented the following regulatory safeguards:

- ❖ Your funds and securities are maintained with a qualified custodian (Schwab) in a separate account in your name.
- ❖ Authorization to withdrawal our management fees directly from your account will be approved by you prior to engaging in any portfolio management services.

Schwab is required by law to send you, at least quarterly, brokerage statements summarizing the specific investments currently held in your account, the value of your portfolio, and account transactions. **You are encouraged to compare the financial data contained in our report and/or itemized fee notice with the financial information disclosed in your account statement from Schwab to verify the accuracy and correctness of our reporting.**

### Standing Letters of Authorization

We will allow you to maintain a Standing Letter of Authorization ("SLOA") with our firm. However, SLOAs with asset transfer **instructions to a third-party** (e.g., any person/entity/joint account other than just you alone) define us as having custody under the Custody Rule (1940 Act Rule 206(4)-2). Therefore, to comply with the No-Action Letter issued by the SEC, relating





to SLOAs and the Custody Rule, we have implemented the following regulatory safeguards and will only accept SLOAs under these conditions:

- ❖ The person and place of delivery must always be identified in the SLOA instructions. We will not approve any SLOAs where we are authorized to modify the instructions relating to the person and/or place of delivery.
- ❖ We will not accept SLOA instructions for delivery to a person affiliated with our firm and/or located at our place of business.
- ❖ The timing and amount of assets to transfer can be open-ended per the instructions of the SLOA.
- ❖ All SLOA instructions must be in writing and confirmed with your signature. We will not accept verbal changes to any SLOAs.

The SEC SLOA No-Action Letter identifies seven (7) steps to follow as part of the safekeeping requirements. The first two bullet-points above are our responsibility under the No-action Letter, the remaining five (5) are the responsibility of the qualified custodian (Schwab). If you would like a complete list of the safekeeping instructions, let us know and we will be glad to provide you a copy.

## INVESTMENT DISCRETION

ITEM 16

### Securities & Amount Bought or Sold

We execute an Investment Advisory Agreement with you, which set forth our authority to buy and sell securities in whatever amounts are determined to be appropriate for your account at our discretion.

You may, at any time, impose restrictions, **in writing**, on our discretionary authority (i.e., limit the types/amounts of particular securities purchased for your account, exclude the ability to purchase securities with an inverse relationship to the market, limit our use of leverage, etc.).

## VOTING CLIENT SECURITIES

ITEM 17

**We do not vote client proxies.** You understand and agree that you retain the right to vote all proxies, which are solicited for securities held in your managed accounts. Any proxy solicitations inadvertently received by us will be immediately forwarded to you for your evaluation and decision.

However, if you have specific questions regarding an action being solicited by the proxy that you do not understand, or you want clarification, you may contact us, and we will explain the particulars. **Keep in mind we will not advise you in a direction to vote; the ultimate decision on how you vote is your responsibility and left to you to decide.**



## FINANCIAL INFORMATION

ITEM 18

We are not required to include financial information in our Disclosure Brochure since we will not take physical custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$1,200.

We are not aware of any financial conditions that are likely to impair our ability to meet our contractual commitments to you.

**END OF DISCLOSURE BROCHURE**