

**Part 2 of Form ADV**  
**Item 1—Cover Page**

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This brochure provides information about the qualifications and business practices of Peterson Wealth Services, Inc. If you have any questions about the contents of this brochure, please contact us at 801-475-4002, or by email at [office@petersonws.com](mailto:office@petersonws.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about the Adviser is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

10/11/2024

## **Item 2 - Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

The following lists material changes since the last annual amendment, filed on January 26, 2024.

- Item 4 was updated to include further descriptions of the firm's discretionary and non-discretionary investment management, plan sponsor advisory services, financial planning and sub advisory services.
- Item 4 was updated to include disclosure regarding rollover recommendations.
- Item 5 was updated to included further descriptions of the firm's fees regarding investment management, plan sponsor advisory services, financial planning and sub advisory services.
- Item 7 was updated to reflect the Firm imposes a \$1,000,000 minimum account value to initiate our Firm's advisory and money management services, however, this may be waived as deemed appropriate by the Firm.
- Item 8 was updated to include disclosure regarding the firm's use of risk tolerance software.
- Item 10 was updated to include disclosure regarding the firm's other financial activities and affiliations.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 801-475-4002 or by email at [office@petersonws.com](mailto:office@petersonws.com).

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## **Item – 4 Advisory Business**

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### **Firm Description**

Peterson Wealth Services, Inc., hereinafter (“the Adviser”) was founded in 2009 and is an SEC registered investment adviser. The Principal Owner and Chief Compliance Officer is Billy Peterson.

Peterson Wealth Services, Inc. offers customized services depending on your unique financial needs. We serve small business owners, divorcee’s, retirees, high net worth individuals & financially independent women.

The Adviser is a fee-only investment management and financial planning firm. The firm does not sell financial products on a commission basis. However, there are some associated persons who are in other fields where they receive commissions as compensation. The firm is not affiliated with entities that sell financial products or securities.

### **Individual Wealth Management and Supervisory Services**

We manage advisory accounts on a discretionary and non-discretionary basis. For discretionary accounts, once we have determined a profile and investment plan with a client, we will execute the day-to-day transactions without seeking prior client consent but within the expected investment guidelines. Account supervision is guided by the client’s written profile and investment plan. We will accept accounts with certain restrictions if circumstances warrant. We primarily allocate client assets among various equities, Exchanged Traded Funds (“ETFs”), institutional mutual funds in accordance with their stated investment objectives.

During personal discussions with clients and the use of risk tolerance software, we determine the client’s objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Based on client needs, we develop a client’s personal profile and investment plan. We then create and manage the client’s investments based on that policy and plan. It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals. Once we have determined the types of investments to be included in a client’s portfolio and have allocated the assets, we provide ongoing investment review and management services.

With our discretionary relationship, we will make changes to the portfolio, as we deem appropriate, to meet client financial objectives. We trade these portfolios based on the combination of our market views and client objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. Clients have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

If a non-discretionary relationship is in place, calls will be placed presenting the recommendation made and only upon your authorization will any action be taken on your behalf.

We do have limited authority to direct the Custodian to deduct our investment advisory fees from accounts, but only with the appropriate written authorization from clients.

Where appropriate, we provide advice about any type of legacy position held in client portfolios. Typically, these are assets that are ineligible to be custodied at our primary custodian. Clients will engage us to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance, annuity contracts, and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

As part of our individual wealth management services, our Firm may offer financial planning services. Our team strives to engage our clients in conversations around the family's goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With the unique goals and circumstances of each family in mind, our team will offer financial planning ideas and strategies to address the client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer, and family legacy objectives. Our team partners with our client's other advisors (CPAs, Enrolled Agents, Estate Attorneys, Insurance Brokers, etc.) to ensure a coordinated effort of all parties toward the client's stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets, and periodic updates.

Our specific services in preparing your plan may include:

- Review and clarification of your financial goals
- Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management, and estate planning.
- Creation of a unique plan for each goal you have, including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession, and other personal goals.
- Development of a goal-oriented investment plan, with input from various advisors to our clients around tax suggestions, asset allocation, expenses, risk, and liquidity factors for each goal.
- Design of a risk management plan including risk tolerance, risk avoidance, mitigation, and transfer, including liquidity as well as various insurance and possible company benefits; and

- Crafting and implementation of, in conjunction with your estate and/or corporate attorneys as tax advisor, an estate plan to provide for you and/or your heirs in the event of an incapacity or death.

A written evaluation of each client's initial situation or Financial Plan would be provided to the client.

### **Disclosure Regarding Rollover Recommendations**

A client or prospect leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Our Firm may recommend an investor roll over plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave their plan assets with their previous employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to our Firm. Our Firm therefore has an economic incentive to encourage a client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that our Firm will consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus those of our Firm, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. All rollover recommendations are reviewed by our Firm's Chief Compliance Officer and remains available to address any questions that a client or prospective client has regarding the oversight.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

### **Retirement Plan Advisory Services**

Retirement Plan Advisory Services consists of helping employer plan sponsors to establish, monitor and review their company's retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment selection and monitoring, plan structure, and participant education.

Pursuant to Section 402(c)(3) of ERISA, the client may appoint us as the Plan's "investment manager" with respect to the Plan's portfolio of investment options. We acknowledge that we are registered as an investment adviser under the State Securities Statutes. Our firm acts as a "fiduciary" within the meaning of Section 3(21) and 3(38) of ERISA with respect to the Plan.

When serving as an ERISA 3(21) investment adviser, the Plan Sponsor and our Firm share fiduciary responsibility. The Plan Sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Plan Sponsor Investment Management Agreement between our Firm and the Plan Sponsor. Under the 3(21) agreement, our Firm can provide the following services to the Plan Sponsor:

- **Review or Development of an Investment Policy Statement**
- **Perform Due Diligence on Money Managers**
- **Provide Initial Investment and Management Selection** - Peterson Wealth typically uses mutual funds/managed accounts/collective trusts/cash equivalents to structure portfolios designed to meet client objectives and risk profiles.
- **Provide ongoing Performance Evaluation and Monitoring of Money Managers**
- **Make Investment Recommendations when necessary**
- **Retirement Plan Services Analysis** - Peterson Wealth will conduct an analysis of a client's retirement plan to evaluate the services currently provided to the client by third parties. The areas of analysis may include asset management services, record keeping, administration, customer service, participant education, etc. These services may also include a cost/benefit analysis, recommendation of alternative vendors, facilitation of the RFP process for solicitation of a new vendor, and/or assistance in fee negotiations with proposed vendors.
- **Provide Employee Education Services** - Peterson Wealth will provide enrollment and educational services the content of the program will be generic in nature.

As a result of the 3(38) appointment, we are granted full trading authority over the Plan and have the responsibility for the selection and monitoring of all investment options offered under the Plan in accordance with the investment policy statement and its underlying investment objectives and strategies for the Plan. Our Firm may utilize a sub advisor to oversee the monitoring of the investment options. Plan participants have the ability to exercise control over the assets in their account, and we have no authority or discretion to direct the investment of assets of any participant's account under the Plan.

#### **Participant one-on-ones**

We can also be engaged to provide financial education to plan participants. The scope of education provided to participants will not constitute “investment advice” within the meaning of ERISA and participant education will relate to general principles for investing and information about the investment options currently in the plan.

As part of our investment advisory services, our Investment Adviser Representative (“IAR”) can make recommendations to plan participants regarding the rollover of employer sponsored retirement plan assets. In the case where an IAR recommends a retirement plan rollover into our individual wealth management advisory program, the IAR will earn a portion of the advisory fee. This presents a conflict of interest because IARs have an economic incentive to recommend you to rollover your retirement plan assets into our individual wealth management services at Peterson Wealth. Plan participants are under no obligation to rollover retirement plan assets to an IRA with our Firm and should carefully consider all relevant factors, such as penalty-free withdrawals, whether loans are permitted, legal protections, required minimum distributions, fees and expenses, service levels, available investment options, employer stock considerations and state taxes.

### **Financial Planning Services**

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Financial planning may be the only service provided to the client and does not require that the client use or purchase the investment advisory services offered by the Adviser or any of the insurance products or other products and services offered by the associated persons of the Adviser. There is an inherent conflict of interest for the Adviser whenever a financial plan recommends the use of professional investment management services or the purchase of insurance products or other financial products or services. The Adviser or its associated persons may receive compensation for financial planning and the provision of investment management services and/or the sale of insurance and other products and services. The Adviser does not make any representation that these products and services are offered at the lowest available cost, and the client may be



able to obtain the same products or services at a lower cost from other providers. However, the client is under no obligation to accept any of the recommendations of the Adviser or use the services of the Adviser in particular.

We offer Estate Planning services as part of our ongoing financial planning services for our clients to assist with general information as it applies to reviews of existing plans, gathering information needed to provide outside firms in the creation of documents, and updating existing plans for clients.

For clients engaging in financial planning services, there is no separate fee for estate planning services. However, the client's ongoing or one-time financial planning fees may be higher if we anticipate at the start of the engagement that estate planning services are needed as part of their comprehensive financial planning arrangement.

Depending on the client needs and desires for estate planning document review, preparation, or updates we will engage with EncorEstate Plans a third-party scrivener service or estate planning attorneys.

### **Sub-Advisory/ Third Party Money Manager Services**

Our firm may determine that engaging the expertise of an independent sub-advisor is best suited for your account. Our firm will have the discretion to utilize independent third-party investment advisor to aid in the implementation of investment strategies for your portfolio. In certain circumstances, we may allocate a portion of a portfolio to an independent third-party investment advisor ("Manager") for separate account management based upon your individual circumstances and objectives, including, but not limited to, your account size and tax circumstances. Upon the recognition of such situations, in coordination with you, we will hire a Manager for the management of those assets. These advisors shall assist our Firm in managing the day-to-day investment operations of the various allocations, shall determine the composition of the investments comprising the allocation, shall determine what securities and other assets of the allocation will be acquired, held, disposed of or loaned in conformity with the written investment objectives, policies and restrictions and other statements of each client comprising the allocation, or as instructed by our Firm.

Managers selected for your investments need to meet several quantitative and qualitative criteria established by us. Among the criteria that may be considered are the Manager's experience, assets under management, performance record, client retention, the level of client services provided, investment style, buy and sell disciplines, capitalization level, and the general investment process. You are advised and should understand that:

- A Manager's past performance is no guarantee of future results;
- There is a certain market and/or interest rate risk which may adversely effect any Manager's objectives and strategies, and could cause a loss in a Client's account(s); and
- Client risk parameters or comparative index selections provided to our firm are

guidelines only and there is no guarantee that they will be met or not be exceeded.

Managers may take discretionary authority to determine the securities to be purchased and sold for the client. As stated in the Discretionary Advisory Agreement, our Firm and its associated persons will have discretionary authority to hire and fire the Manager. Our firm will work with the Manager to communicate any trading restrictions or standing instructions to refrain from a particular industry requested by the Client. In all cases, trading restrictions will depend on the Manager and their ability to accommodate such restrictions.

All performance reporting will be the responsibility of the respective Manager. Such performance reports will be provided directly to you and our firm. Disclosures will indicate what firm is providing the reporting.

Our Firm has entered into agreements with various independent Managers. All third-party Managers to whom we will refer clients will be licensed as registered investment advisors by their resident state and any applicable jurisdictions or registered investment advisors with the Securities and Exchange Commission. Client will enter into an agreement directly with the third-party money manager. A complete description of the Manager's services, fee schedules and account minimums will be disclosed in the Manager's Form ADV or similar Disclosure Brochure.

We review the performance of our Managers on at least a quarterly basis. More frequent reviews may be triggered by changes in Manager's management, performance or geopolitical and macroeconomic specific events. Our Firm only enters into only a select number of relationships with Managers. As agreed upon between the Client, Manager and Peterson Wealth Services and outlined in the agreements with each party, the Client will pay a portion of the overall advisory fee to the Manager directly from the Client account and our Firm will receive a portion of the fee. Fees are disclosed on the Client account statement.

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### **WRAP Program**

The Adviser is not a sponsor nor does it provide investment management services to a wrap program.

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### **Termination of Agreements**

The Adviser may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, the Adviser will refund any unearned portion of the advance payment. The Adviser reserves the right to terminate any financial planning engagement where a client has willfully concealed or

has refused to provide pertinent information about financial situations when necessary and appropriate, in the Adviser's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded.

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**Assets Under Management**

As of October 1, 2024, the Adviser has \$442,963,765 of discretionary assets under management and \$0 of non-discretionary assets under management.

## **Item 5 - Fees and Compensation**

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**Investment Management**

The Adviser bases its fees on a percentage of assets under management paid quarterly in advance based on market value of the previous quarter. Fees are deducted from the client account to facilitate billing as authorized by the investment management agreement. Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro-rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination. The investment management fees are negotiable at the sole discretion of the Adviser.

Annualized Investment Management Fees		
Account Value From	Account Value To	Annual Percentage Fee
\$0	\$500,000	1.75%
\$500,001	\$1,000,000	1.50%
\$1,000,001	\$2,000,000	1.25%
\$2,000,001	\$5,000,000	1.00%
\$5,000,001	And Above	Negotiable

The schedules indicated above are not the only fee structures available to our clients. Clients may be assigned a different fee schedule than the fees indicated above. As a result, some clients may pay a fee that may be higher or lower than the above stated fees. However, our fees are negotiable based upon a variety of factors including, but not limited to, the size of relationship, services offered and complexity of the relationship. In all cases, a client's assigned fee will be specified in the Investment Advisory Agreement that will be signed prior to the commencement of the working

relationship with our firm.

### **Retirement Plan Advisory Service Fees**

For Retirement Plan Advisory Services compensation, we charge an advisory fee as negotiated with the Plan Sponsor and as disclosed in the Employer Sponsored Retirement Plans Consulting Agreement (“Plan Sponsor Agreement”). Our maximum advisory fees do not exceed 0.75% annually.

Typically, the billing period for these fees are paid quarterly. This fee is generally negotiable, but terms and advisory fee is agreed to in advance and acknowledged by the Plan Sponsor through the Plan Sponsor Agreement and/or Plan Provider’s account agreement. Fee billing methods vary depending on the Plan Provider.

Either Peterson Wealth or the Plan Sponsor may terminate the Agreement upon 30 days written notice to the other party. The Plan Sponsor is responsible to pay for services rendered until the termination of the Agreement.

### **Sub Advisory Fees**

As discussed in Item 4 above, there will be occasions where an independent Registered Investment Advisory firm acts as a sub-advisor to our Firm. In those circumstances, the other investment adviser manages the assets based upon the parameters provided by our Firm. Under this arrangement, the Independent Registered Investment Advisory Firm collects the client advisory fee as described above (not to exceed 1.75%) and then pays out our Firm a portion of advisory fee based on the assets under management for such services as outlined in the Agreement between our Firm and the sub-advisor.

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### **Financial Planning Fees**

Peterson Wealth provides Comprehensive Financial Planning for a separate, fixed fee. Fees are negotiable and start at \$5,000. Fees may vary based on the extent and complexity of your individual or family circumstances and the amount of your assets under our management. Our fee will be agreed in advance of services being performed. The fee will be determined based on factors including the complexity of your financial situation, agreed upon deliverables, and whether you intend to implement any recommendations through Peterson Wealth. 50% of financial planning fees are due upon execution of the financial planning agreement and the remainder is due upon delivery of the plan. Typically, we complete a plan within a month and will present it to you within 90 days of the contract date, if you have provided us all information needed to prepare the financial plan.

Financial Planning fees can be paid via check to Peterson Wealth or can be invoiced and processed through a third-party nonaffiliated service, Merchant One, or can be paid through a taxable brokerage account. The specified payment method is defined in the Financial Planning Agreement. With Merchant One, Clients will be asked to set up their credit card at Merchant One to enable credit card payments. While Merchant One

allows firms like Peterson Wealth to receive payments directly from the client's credit card, it does not give Peterson Wealth access to the client's credit card information. Peterson Wealth is not able to initiate any additional payments via Merchant One as agreed upon and outlined in the Agreement.

If you choose to terminate the financial planning agreement by providing us with written notice. Upon termination, fees will be prorated to the date of termination and any earned portion of the fee will be billed to you based on the hours that our firm has spent on creating your financial plan prior to termination. The hourly rate used for this purpose is \$500/hour. The hourly rate would be stated in your executed Financial Planning Agreement.

We will not require prepayment of more than \$1200 in fees per client, six (6) or more months in advance of providing any services. In no case are our fees based on, or related to, the performance of your funds or investments.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month. Follow-on implementation work is included in the upfront payment of the plan.

### **Unmanaged Assets**

From time to time, a Client may decide to hold certain securities or other property for which our Firm does not provide investment advisory services ("Unmanaged Assets") in the account(s) held at the Custodian or outside the Custodian. Requests to hold an Unmanaged Asset must be made in writing and require the approval of our Firm. Our Firm will have no duty, responsibility or liability whatsoever with respect to these assets, and therefore, our Firm will not charge an investment advisory fee. However, if you have an account that solely contains Unmanaged Assets, the Custodian may charge an account maintenance fee as disclosed in the Custodian account paperwork executed by the Client. In all cases, it is the clients sole responsibility to monitor, manage, and transact all Unmanaged Assets (securities and/or accounts).

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

Clients may also incur certain charges imposed by other third parties, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include fees charged by the margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, regulatory fees assessed by SEC and/or FINRA odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap program fee billed by our Firm.

### **Regulatory Fees**

To facilitate the execution of trades, regulatory Trading Activity Fees (TAF) are added to applicable sales transactions. The Securities and Exchange Commission (SEC) regulatory fee is assessed on client accounts for sell transactions, and a FINRA fee is assessed on client accounts for sell transactions, for certain covered securities. This fee is not charged by the Firm but is assessed and collected by the custodian. The Custodian that the Firm uses, is a FINRA member firm. These fees recover the costs incurred by the SEC and FINRA, for supervising and regulating the securities markets and securities professionals. The fee rates vary depending on the type of transaction and the size of that transaction. For more information on the SEC and FINRA fees, please visit their websites:

[www.sec.gov/fast-answers/answerssec31htm.html](http://www.sec.gov/fast-answers/answerssec31htm.html)

[www.finra.org/industry/trading-activity-fee](http://www.finra.org/industry/trading-activity-fee)

### **Periods of Portfolio Inactivity**

The firm has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the firm will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when the firm determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, the firm's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decisions made by the firm will be profitable or equal any specific performance level(s).

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### **Conflict of Interest Between Different Fee Structures**

The Adviser offers several different services detailed in this brochure that compensate the Adviser differently depending on the service selected. There is a conflict of interest for the Adviser and its associated personnel to recommend the services that offer a higher level of compensation to the Firm through either higher management fees or reduced administrative expenses. The Adviser mitigates this conflict through its procedures to review client accounts relative to the client's or investor's personal financial situation to ensure the investment management service provided is appropriate. Further, the Adviser is committed to its obligation to ensure associated persons adhere to the Firm's Code of Ethics and to ensure that the Firm and its associated persons fulfill their fiduciary duty to clients or investors.

### **Item 6 - Performance Fees**

Fees are not based on a share of the capital gains or capital appreciation of managed securities. However, the Adviser may employ certain types of investments that do charge a performance fee in which the Adviser does not participate. For these investments, refer to their offering or private placement memorandum for an explanation and amounts of the performance fees.

The Adviser does not use a performance-based fee structure.

## **Item 7 - Types of Clients**

### **Description**

The Adviser generally provides investment advice to individuals, pension, and profit-sharing plans, trusts, estates, or charitable organizations, corporations or business entities, divorcee's, independent women. Client relationships vary in scope and length of service.

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### **Account Minimums**

The firm requires an account minimum of \$1,000,000 to engage investment advisory services. The Adviser has the sole discretion to waive the account minimum.

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

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes a Risk Tolerance questionnaire that documents their objectives and their desired investment strategy. We utilize a third-party risk analysis platform (Nitrogen formerly Riskalyze) whereby we can set the criteria for each client's risk tolerance and help align the client's risk profile with an appropriate portfolio. To develop a complete picture of a client's investment objectives, our investment adviser representatives work one-on-one with the advisory client through the initial and on-going planning process to create an investment plan which fits the client's risk tolerance and investment objectives. Based on this information, we obtain a broad understanding of the client's investment objectives, goals, and the amount of risk the client will tolerate. To further fine tune our understanding of a client's risk tolerance, our Firm does utilize Nitrogen, a third-party vendor tool to assist in identifying the client's risk tolerance.

Nitrogen technology assists financial planners in two critical tasks: (1) measuring the risk preferences of investors, and (2) applying these preference measurements to portfolio selection. Nitrogen summarizes an investor's mean-variance risk aversion on a 99-point scale. In connection with this output, the Nitrogen tool "quantifies" the client's indicated investment risk tolerance through the illustration of expected return (plus/minus) and investment volatility (investment variance) which uses past data to calculate expected variance. Our Firm works with Nitrogen to customize client portfolios using a combination of existing holdings and recommended allocation strategies to provide the client with the desired risk score. Once the Risk Score is

identified, our Firm prepares a strategy, which is also scored by Nitrogen tools. Generally, clients are recommended a mixture of strategies with various allocations, including strategies which focus on fixed income, growth, balanced, moderate, or aggressive investments, which correlate to the client's risk score. We seek to go beyond a traditional asset allocation strategy by incorporating investments on each end of the risk spectrum.

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## **Methods of Analysis**

Security analysis methods may include, charting analysis involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends. Technical Analysis involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy. Fundamental Analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance. Cyclical analysis is a type of technical analysis that involves evaluating recurring price patterns and trends based upon business cycles. Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends. Long Term Purchases, securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Short Term Purchases, securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Margin Transactions is a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. Options Trading/Writing is a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified



price until the date of expiration of the option regardless of the market value of the security at expiration of the option. The trading of options may be highly speculative and may entail more risk than those present when investing in other types of securities. Prices of options are generally more volatile than prices of other types of securities. When trading in options, you may run the risk of losing the entire investment in a relatively short period of time. In more risky options strategies, an investor could theoretically have an unlimited risk of loss.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that the Adviser may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, Charles Schwab & Company's "SchwabLink" service, Advisor Intelligence, and the World Wide Web.

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## **Investment Strategies**

Strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

The primary investment strategy used on client accounts is strategic asset allocation. This means that we use passively managed indices and exchange-traded funds as the core investments, and then add actively managed funds and individual equities where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

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## **Market, Security, and Regulatory Risks**

Any investment with the Adviser involves significant risk, including a complete loss of capital and conflicts of interest. All investment programs have certain risks that are borne by the investor which are described below:

### **Market Risks:**

Competition. The securities industry and the varied strategies and techniques to be engaged in by the Adviser are extremely competitive, and each involves a degree of risk. The Adviser will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staff.

Market Volatility. The profitability of the Adviser substantially depends upon it correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Adviser cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Peterson Wealth Services, Inc. Investment Activities. The Adviser's investment

activities involve a significant degree of risk. The performance of any investment is subject to numerous factors that are neither within the control of nor predictable by the Adviser. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of the Adviser to realize profits.

Material Non-Public Information. By reason of their responsibilities in connection with other activities of the Adviser and/or its affiliates, certain principals or employees of the Adviser and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Adviser will not be free to act upon any such information. Due to these restrictions, the Adviser may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Accuracy of Public Information. The Adviser selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by the issuers or through sources other than the issuers. Although the Adviser evaluates all such information and data and sometimes seeks independent corroboration when it's considered appropriate and reasonably available, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Investments in Undervalued Securities. The Adviser intends to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Adviser's investments may not adequately compensate for the business and financial risks assumed.

Small Companies. The Adviser may invest a portion of its assets in small and/or unseasoned companies with small market capitalization. While smaller companies generally have the potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations.

Leverage. When deemed appropriate by the Adviser and subject to applicable regulations, the Adviser may incur leverage in its investment program, whether directly through the use of borrowed funds or indirectly through investment in certain types of financial instruments with inherent leverage, such as puts, calls and warrants, which are purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss.

Options and Other Derivative Instruments. The Adviser may invest, from time to time, in options and other derivative instruments, including, but not limited to, the buying and selling of puts and calls on some of the securities held by the Adviser. The prices of many derivative instruments, including many options and swaps, are highly volatile. The values of options and swap agreements depend primarily upon the price of the securities, indexes, commodities, currencies or other instruments underlying them. Price movements of options contracts and payments pursuant to swap agreements are also influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Options on highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Hedging Transactions. Investments in financial instruments such as forward contracts, options, commodities and interest rate swaps, caps and floors, other derivatives, and other investment techniques are commonly utilized by investment funds to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, interest rates and/or the equity markets or sectors thereof. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. The Adviser is not obligated to establish hedges for portfolio positions and may not do so.

Market or Interest Rate Risk. The price of most fixed income securities moves in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities falls. If the Adviser holds fixed-income security to maturity, the change in its price before maturity may have little impact on the Adviser's performance; however, if the Adviser has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the Adviser.

Fixed Income Call Option Risk. Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, the Adviser is exposed to reinvestment rate risk – the Adviser will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Adviser purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For

all but inflation-linked bonds, adjustable bonds or floating rate bonds, the Adviser is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security.

Investments in Non-U.S. Investments. From time to time, the Adviser may invest and trade a portion of its assets in non-U.S. securities and other assets (through ADRs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.
- Foreign securities and other assets often trade in currencies other than the U.S. dollar, and the Adviser may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the Adviser's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Adviser's investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in the value or liquidity of the Adviser's foreign currency holdings. If the Adviser enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if the Adviser enters forward contracts for the purpose of increasing return, it may sustain losses.
- Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing, and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

Risk of Default or Bankruptcy of Third Parties. The Adviser may engage in transactions in securities, commodities, other financial instruments and other assets that involve counterparties. Under certain conditions, the Adviser could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities, other financial instruments and/or other assets were to become illiquid.

## **Regulatory Risks:**

Strategy Restrictions. Certain institutions may be restricted from directly utilizing

investment strategies of the type in which the Adviser may engage. Such institutions, including entities subject to ERISA, should consult their own advisors, counsel, and accountants to determine what restrictions apply and whether an investment in the Adviser is appropriate.

Trading Limitations. For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Adviser to loss. Also, such a suspension could render it impossible for the Adviser to liquidate positions and thereby expose the Adviser to potential losses.

Conflicts of Interest: In the administration of client accounts, portfolios, and financial reporting, the Adviser faces inherent conflicts of interest which are described in this brochure. Generally, the Adviser mitigates these conflicts through its Code of Ethics which provides that the client's interest is always held above that of the Firm and its associated persons.

Supervision of Trading Operations. The Adviser, with assistance from its brokerage and clearing firms, intends to supervise and monitor trading activity in the portfolio accounts to ensure compliance with firm and client objectives. Despite the Adviser's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in portfolio accounts.

Depending on the nature of the investment management service selected by a client and the securities used to implement the investment strategy, clients will be exposed to risks that are specific to the securities in their particular investment portfolio.

### Security Specific Risks:

Liquidity: Liquidity is the ability to readily convert an investment into cash. Securities, where there is a ready market that is traded through an exchange, are generally more liquid. Securities traded over the counter or that do not have a ready market or are thinly traded are less liquid and may face material discounts in the price level in a liquidation situation.

Currency: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Limited Liquidity of Interests. An investment in a partnership usually involves substantial restrictions on liquidity and its interests are not freely transferable. There is no market for these interests and no market should be expected to develop. Additionally, transfers are usually subject to the consent of the general partner at the general partner's sole discretion.

Lack of Registration: Funds or LP interests have neither been registered under the Securities Act nor under the securities or "blue sky" laws of any state and, therefore, are subject to transfer restrictions.

Withdrawal of Capital: The ability to withdraw funds from the funds or LP interests is usually restricted in accordance with the withdrawal provisions contained in an

Offering Memorandum. In addition, substantial withdrawals by investors within a short period of time could require a fund to liquidate securities positions and other investments more rapidly than would otherwise be desirable, possibly reducing the value of the fund's assets and/or disrupting the fund's investment strategy.

## **Item 9 – Disciplinary Information**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

### **Insurance Services**

The Adviser offers insurance products that are associated with an insurance company with which the Adviser has established a relationship. Insurance products include annuity, term, whole, & long-term care policies. The Adviser earns commissions on these insurance products in addition to any fees earned from financial planning, investment management or other services offered. The commissions are based on the standard commission schedule of the provider of the insurance products and are generally not negotiable. There is an inherent conflict of interest in providing these products as financial plans or investment management services which the Adviser also earns fees, may recommend the purchase of insurance products. The Adviser does not make any representation that these products are available at the lowest cost and similar products are available from other providers. The client is under no obligation to purchase insurance products from the Adviser. The Adviser mitigates this conflict by reviewing all insurance product sales versus the financial plan or investment policy statement of the client.

### **Sub Advisor Relationships**

Please refer to Item 4 and Item 5 above for more information about the selection of sub- advisors used with our services. Independent Registered Investment Advisory Firm collects the client advisory fee as described above (not to exceed 1.75%) and then pays out our Firm a portion of advisory fee based on the assets under management for such services as outlined in the Agreement between our Firm and the sub-advisor. A conflict of interest for our firm in utilizing a sub advisor is receipt of discounts or services not available to us from other similar sub advisers. In order to minimize this conflict our firm will make our recommendations and selections of sub-advisors in the best interest of our clients.

### **Other Affiliations**

Utah Divorce Planning is an affiliated entity under common ownership. Billy Peterson, owner of Peterson Wealth, is sole managing member of Utah Divorce Planning. Some of our IARs are also divorce specialists and offer consulting through our affiliated entity, Utah Divorce Planning.

Because we are under common ownership and our firm's IARs are licensed divorce agents with Utah Divorce Planning, there is a conflict of interest to clients because our firm and our IARs receive compensation as a result of effecting divorce consulting transactions for clients.

Commissions generated by divorce consulting sales do not offset regular advisory fees. The firm and the IAR have an incentive to recommend divorce consulting services and this incentive creates a conflict of interest between your interests and our Firm. We mitigate this conflict by disclosing to clients they have the right to decide whether or not to engage the services of our IARs or our affiliated divorce consulting entity. Further, clients should note they have the right to decide whether to act on the recommendations. We recognize the fiduciary responsibility to place the client's interests first and have established policies in this regard to avoid any conflicts of interest.

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**Brokerage Affiliations**

Our firm nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Our firm does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

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**Code of Ethics**

The Adviser has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to the Adviser's Compliance Officer and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Adviser's Compliance Officer. Each supervised person of the Adviser receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. Clients and prospective clients may obtain a copy of the Adviser's Code of Ethics by contacting the Compliance Officer of the Adviser.

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**Participation or Interest in Client Transactions**

Under the Adviser's Code of Ethics, the Adviser and its managers, members, officers, and employees may invest personally in securities of the same classes as are purchased for clients and may own securities of the issuers whose securities are subsequently purchased for clients. If an issue is purchased or sold for clients and any of the Adviser, managers, members, officers and employees on the same day purchase or sell the same security, either the clients and the Adviser, managers, members, officers or employees shall receive or pay the same price or the clients shall receive a more favorable price.

The Adviser and its managers, members, officers and employee may also buy or sell specific securities for their own accounts based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients.

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**Personal Trading**

The Chief Compliance Officer of the Adviser is Billy Peterson. He reviews all employee trades each quarter (except for his/her own trading activity that is reviewed by another principal or officer of the Firm). The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment.



## Item 12 - Brokerage Practices

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### Brokerage Selection and Soft Dollars

The Adviser has the authority over the selection of the broker to be used and the commission rates to be paid without obtaining specific client consent. The Adviser *recommends* brokerage firms as qualified custodians and for trade execution.

The Adviser takes into account a number of factors when recommending a brokerage firm including commission rates, the financial stability and reputation, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, record keeping, and other services the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers.

Custodians generally offer a variety of share classes of open-end mutual funds for client accounts, which typically include: (1) retail shares are generally available for purchase without a transaction fee, but by and large have a higher internal expense ratio than institutional class shares; and (2) institutional class shares are typically have a lower internal expense ratio than the retail share class, but often require the payment of a transaction fee and may require a minimum dollar purchase or be subject to other restrictions that make them impractical for certain clients.

Even though the transaction fees and applicable fund expenses (i.e., 12b-1 fees) are payable to the account custodian, and not the Adviser or any of its employees, the Adviser must still undertake a review to determine what share class is most appropriate for the client, considering such factors as the intended purchase amount, the amount of the transaction fee, the difference in expense ratios, the intended holding period, and the availability of the institutional share class.

The Adviser *DOES NOT* receive fees or commissions from any of these arrangements.

In selecting brokers or dealers to execute transactions, the Adviser will seek to achieve the best execution possible, but this does not require it to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. The Adviser is not required to negotiate "execution-only" commission rates, thus the client is generally deemed to be paying for research and related services (i.e., "soft dollars") provided by the broker which are included in the commission rate. Research and related services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; statistical and pricing services, as well as discussions with research personnel, along with hardware, software, databases and other technical and telecommunication services and equipment utilized in the investment management process. It is the policy and practice of the Adviser to strive for the best price and execution for costs and discounts which are competitive in relation to the value of the transaction and which comply with Section 28(e) of the Securities Exchange Act of 1934, as amended. Nevertheless, it is understood that the Adviser may pay compensation on a transaction in excess of the amount of compensation that another broker or dealer charges so long as it is in

compliance with Section 28(e), and the Adviser makes no warranty or representation regarding compensation paid on transactions. In negotiating mark-ups or mark-downs, the Adviser will take into account the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers, although the client may not, in any particular instance, be the sole direct or indirect beneficiary of the research services provided. The Adviser has no obligation to deal with any broker or group of brokers in executing transactions in portfolio securities.

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### **Order Aggregation**

The nature of the clients and/or trading activity on behalf of client accounts are such that trade aggregation does not garner any client benefit (in regard to the mutual funds or exchange-traded funds for example).

If more than one price is paid for securities in an aggregated transaction, each client in the aggregated transaction will receive the average price paid for the block of securities in the same aggregated transaction for the day. If the Adviser is unable to fill an aggregated transaction completely but receives a partial fill of the aggregated transaction, the Adviser will allocate the filled portion of the transaction to clients based on an equitable rotational system as follows:

- The Adviser must ensure that adequate and full disclosure of its allocation and bunching practices has been made prior to the transaction.
- All clients/investors, accounts or funds participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rata basis.
- Aggregate transactions must not be executed unless the intended and resultant aggregation is consistent with its duty to seek best execution and any terms found in the Adviser's written agreements.
- Aggregated orders filled in their entirety shall be allocated among clients/investors, accounts or funds in accordance with an allocation statement created prior to the execution of the transaction(s); partially filled orders shall be allocated pro-rata based on the allocation statement and the variance from the modeled allocation of a security. Where this method prescribes an odd lot that is less than 100 shares for an account, the allocation will be rounded up to a whole lot. Client/investor funds held collectively for the purpose of completing the transaction may not be held in this commingled manner for any longer than is practical to settle the transaction.
- Each client/investor, account or fund that participates in an aggregated order will participate at the average share price for all the Adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client/investor's, account's or fund's participation in the transaction.
- Investments resulting from any aggregated order must be consistent with the specific investment objective(s) of each client/investor, account or fund as

detailed in any written agreements. No additional compensation shall result from the proposed allocation. No Client/investor, account or fund will be favored over any other Client/investor, account or fund as a result of the allocation.

- Pre-allocation statement(s) specifying the participating Client/investor accounts and the proposed method to allocate the order among the clients/investors, accounts or funds are required prior to any allocated order. The basis for establishing pre-allocations may include pro-rata of account assets to assets for the specific strategy, executing broker and variance from modeled position holding as factors. Should the actual allocation differ from the allocation statement, such trade will only be settled with the approval of the CCO or another appropriately qualified and authorized principal of the Adviser.

In cases where the Client has negotiated the commission-rate directly with the broker, the Adviser will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the Client will be precluded from receiving the benefit of any, possible commission discounts that might otherwise be available as a result of the aggregated trade.

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### **Directing Brokerage for Client Referrals**

The Adviser and its associated persons do not receive client referrals from broker-dealers or third parties as consideration for selecting or recommending brokers for client accounts.

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### **Directed Brokerage**

The Adviser allows clients to direct brokerage, but the Adviser does not require clients to direct brokerage. In the event that a client directs the Adviser to use a particular broker or dealer, the Adviser is not authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances, a disparity in commission charges may exist between the commissions charged to clients who direct the Adviser to use a particular broker or dealer and other clients who do not direct Adviser to use a particular broker or dealer which may result in higher trading expenses to the client who directs brokerage. The Adviser may place orders for transactions in certain securities initially only for those accounts which are held in custody at banks or at brokerage firms that permit the Adviser to place trades for accounts held in custody at that firm with other brokerage firms. Therefore, accounts held in custody at firms that do not permit the Adviser to place transactions with other brokerage firms may not be able to participate in the initial transaction and may not be able to participate in the same gains or losses as other Clients whose accounts are not so restricted. In cases where trading or investment restrictions are placed on a Client's account, the Adviser may be precluded from aggregating that Client's transaction with other accounts which may result in less favorable security prices and/or higher transaction costs.

## **Item 13 - Review of Accounts**

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### **Periodic Reviews**

Account reviewers are members of the firm's Investment Committee or are registered Investment Adviser Representatives. Account reviews are performed at least annually by advisors. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

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### **Review Triggers**

Accounts are reviewed quarterly or more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's financial or personal situation.

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### **Regular Reports**

Clients receive statements of account positions no less than quarterly from the account custodian. The written reports include account valuation, performance stated in dollars and as a percent.

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

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### **Incoming Client Referrals**

The Adviser receives client referrals which may come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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### **Referrals to Third Parties**

The Adviser does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Item 15 - Custody**

### **Custody Policy**

The Adviser does not accept or permit the Firm or its associated persons from obtaining custody of client assets including cash, securities, acting as a trustee, provide bill paying service, have password access to control account activity or any other form of controlling client assets. All checks or wire transfer to fund client accounts are required to be made out to/sent to the account custodian.

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**Account Statements**

All assets are held at qualified custodians and the custodians provide account statements not less than quarterly to clients at their address of record. Clients should carefully review such statements for any discrepancies or inaccuracies.

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**Performance Reports**

Pursuant to recent amendments to Rule 206(4) under the Investment Advisers Act of 1940, the Securities and Exchange Commission now requires advisers to urge clients to compare the information set forth in their statement from the Adviser with the statements received directly from the custodian to ensure accuracy of all account transactions.

**Item 16 - Investment Discretion**

The Adviser contracts for limited discretionary authority to transact portfolio securities accounts on behalf of clients. Discretionary authority is granted either by the Adviser's investment management agreement and/or by a separate limited power of attorney where such document is required. The Adviser has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The firm's discretionary authority regarding investments may, however, be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the Client on transactions in certain types of businesses or industries. All such restrictions are to be agreed upon in writing at the account's inception.

The Adviser will consult with the client where discretion is not obtained prior to each trade in order to obtain client approval for the transaction(s).

The client authorizes the discretion to select the custodian to be used and the commission rates paid to the Adviser. The Adviser does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

**Item 17 - Voting Client Securities**

The Adviser will not vote nor advise clients how to vote proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. The Adviser does not give any advice or take any action with respect to the voting of these proxies. For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. The Adviser promptly passes along any proxy voting information to the clients or their representatives.

## **Item 18 - Financial Information**

The Adviser does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. The Adviser meets all net capital requirements that it is subject to and the Adviser has not been the subject of a bankruptcy petition in the last 10 years.

The Adviser is not required to provide a balance sheet as it does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.