

Midwest Financial Network, LLC

Registered Investment Adviser

CRD # 302095

Midwest Financial Network, LLC

17244 Oak Park Avenue

Tinley Park, IL 60477

Tel: 708-670-3083

Fax: 708-310-4275

midwfinancial.com

Form ADV Part 2A

Firm Brochure

October 25, 2024

This firm brochure provides information about the qualifications and business practices of Midwest Financial Network, LLC. Please contact Raymond Kozicki, Partner and Chief Compliance Officer, at 708-670-3083 if you have any questions about the content of this brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities administrator. Additional information about Midwest Financial Network, LLC is available on the SEC's website at www.adviserinfo.sec.gov. Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD ("CRD") number, which is 302095.

While the firm and its associates may be registered and/or licensed within a particular jurisdiction, that registration and/or licensing does not imply an endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the firm or its associated personnel.

Item 2 - Material Changes

This Form ADV Part 2A firm brochure has been revised pursuant to Midwest Financial Network, LLC's registration as an investment adviser with the SEC, superseding previous versions of the firm's brochures. This document has been modified to address disclosure requirements for an SEC-registered firm and therefore clients and prospective clients are encouraged to review the document in its entirety. Updates include material changes to our reportable assets under management (Item 4), fee schedule and processing (Item 5), revised risk statements (Item 8), and how we serve client accounts (Items 15 and 16), among others.

The firm will update this document from time to time and will either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's public website: www.adviserinfo.sec.gov or may contact our firm at 708-670-3083 to request a copy at any time.

Item 3 - Table of Contents

| | |
|-------------------------------------------------------------------------------------------------------|----|
| Item 1 - Cover Page | 1 |
| Item 2 - Material Changes | 2 |
| Item 3 - Table of Contents | 3 |
| Item 4 - Advisory Business..... | 4 |
| Item 5 - Fees and Compensation..... | 9 |
| Item 6 - Performance-Based Fees and Side-By-Side Management..... | 12 |
| Item 7 - Types of Clients | 12 |
| Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss | 12 |
| Item 9 - Disciplinary Information..... | 16 |
| Item 10 - Other Financial Industry Activities and Affiliations..... | 16 |
| Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 17 |
| Item 12 - Brokerage Practices | 18 |
| Item 13 - Review of Accounts..... | 20 |
| Item 14 - Client Referrals and Other Compensation | 21 |
| Item 15 - Custody | 21 |
| Item 16 - Investment Discretion..... | 22 |
| Item 17 - Voting Client Securities | 23 |
| Item 18 - Financial Information | 24 |

Throughout this document Midwest Financial Network, LLC may be referred to as “the firm,” “firm,” “our,” “we” or “us.” The client or prospective client may be also referred to as “the client,” “client,” etc., and refers to a client engagement involving a single *person* as well as two or more *persons* and may refer to natural persons and legal entities. The term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (i.e., internet address, etc.).

Our firm maintains a business continuity and succession contingency plan that is integrated within the organization to ensure it appropriately responds to events that pose a significant disruption to its operations. A statement concerning the current plan is available under separate cover.

Item 4 - Advisory Business

Description of Firm

Midwest Financial Network, LLC is an Illinois Limited Liability Company formed in 2019. The firm's original registration as an investment adviser occurred in 2019 with the State of Illinois, followed by the SEC during 2024. Midwest Financial Network, LLC is notice-filed in Illinois, Indiana and Iowa, and the firm and its personnel are exempt from notice filing or registration in other jurisdictions where our investment advisory business activities are conducted.¹

Raymond J. Kozicki, MRFC is Managing Member of and Partner in the firm, and he also serves as Portfolio Manager and Chief Compliance Officer (supervisor). Ryan E. Biniak, MRFC is a firm Partner who also serves as Assistant Portfolio Manager and Operations Manager. Mr. Kozicki and Mr. Biniak control all shares in the firm. Additional background information about Raymond Kozicki and Ryan Biniak can be found in their accompanying Form ADV Part 2B brochure supplement.

Our firm is not a subsidiary of, nor does it control, another financial services industry entity. However, both Partners have insurance industry relationships that are further discussed in Items 5 and 10 of this firm brochure.

Description of Services

Our planning services provide clients with advice on key topics such as cash flow and budgeting, funding a college education, retirement, and risk management, estate or tax planning, among others. We provide periodic educational workshops involving a broad range of planning and investing topics. Ongoing supervision of clients' accounts is provided through our portfolio management services, and we offer retirement plan services to employer groups.

During or prior to your first meeting you will be provided with a current Form ADV Part 3 (Form CRS) and Part 2A firm brochure, as well as our privacy policy statement. In addition, our firm will ensure we have disclosed any material conflicts of interest that could be reasonably expected to impair the rendering of unbiased and objective advice.

If you wish to engage our firm for its services, we must first sign an engagement agreement. Thereafter further discussion and analysis will be conducted to determine financial needs, goals, holdings, etc. Depending on the scope of the engagement, you may be asked to provide copies of the following documents early in the process:

- wills, codicils, and trusts
- insurance policies, including information about riders, loans and amendments
- mortgage information
- tax returns
- student loans
- divorce decree or separation agreement
- current financial specifics including W-2s, 1099s, K-1 statements, etc.
- information on current retirement plans and other benefits provided by an employer
- statements reflecting current investments in retirement and non-retirement accounts

¹ State jurisdictions where a firm is currently notice filed, can be determined via the SEC's website at www.adviserinfo.sec.gov.

- employment or other business agreements, and
- completed risk profile questionnaires or other forms provided by our firm.

It is important that we are provided with an adequate level of information and supporting documentation throughout the term of the engagement including but not limited to source of funds, income levels, and an account holder or attorney-in-fact's authority to act on behalf of the account, among other information that may be necessary for our services. The information and/or financial statements provided to us need to be accurate. Our firm may, but is not obligated to, verify the information that has been provided to us which will then be used in the advisory process.

Financial Planning

Our clients can choose a financial plan that is either broad-based or modular in nature. Broad-based planning (sometimes termed comprehensive planning) considers your overall financial situation to identify various goals and develop strategies to allow you to work towards accomplishing that goal(s). An in-depth analysis will be conducted using information you provide to create a framework for identifying and focusing on your goals and objectives.

We will also provide a modular financial plan (limited planning) where only one goal or objective is to be viewed, analyzed and discussed, based on what our client feels are more pressing at the present time, such as planning for a child's education or reviewing an investment allocation at an employer-sponsored plan. The scope of this engagement would focus on that specific area while not necessarily considering your overall financial situation.

If several or all the services described are provided together, the total time needed to complete these services may be less than the time it would take to complete each service separately because of the efficiency gained by combining more than one service.

Cash Flow Analysis and Debt Management

A review of your income and expenses will be conducted to determine your current surplus or deficit. Based upon the results, we will provide advice on prioritizing how any surplus should be used, or how to reduce expenses if they exceed your income. In addition, advice on the prioritization of which debts to repay may be provided, based upon such factors as the debt's interest rate and any income tax ramifications. Recommendations may also be made regarding the appropriate level of cash reserves for emergencies and other financial goals. These recommendations are based upon a review of cash accounts (such as money market funds) for such reserves and may include strategies to save desired reserve amounts.

Risk Management

A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").

Retirement Planning

Retirement planning services typically include projections of your likelihood of achieving your financial goals, with financial independence usually the primary objective. For situations where projections show less than the desired results, a recommendation may include showing you the impact on those projections by making

changes in certain variables (i.e., working longer, saving more, spending less, taking more risk with investments). If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

Education Planning

Advice involving funding an education may include projecting the amount that will be needed to achieve post-secondary goals, along with savings strategies and the “pros-and-cons” of various college savings vehicles that are available. We are also available to review your financial picture as it relates to eligibility for financial aid or ways to contribute to family members’ educations.

Tax Planning Strategies

Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, recommendations may be offered as to which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation. Our firm does not provide accounting or tax preparation services, and we recommend that you also consult with your accountant or tax attorney. Contact information for an accountant or an attorney is available if you do not have one on retainer.

Employee Benefits

A review is conducted, and analysis is made as to whether you, as an employee, are taking maximum advantage of your employee benefits. We will also offer advice on your employer-sponsored retirement plan and/or stock options, along with other benefits that may be available to you.

Social Security Strategies

A review of client’s Social Security statements will be conducted, and an analysis completed, to optimize Social Security income as it relates to the client’s goals. The client will be briefed regarding various Social Security income options available, and a subsequent recommendation will be made in accordance with their financial plan.

Estate Planning and Charitable Giving

Our review typically includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. We may assess ways to minimize or avoid estate taxes by implementing appropriate estate planning and charitable giving strategies. We are not a law firm, and we encourage you to consult with an experienced attorney when you initiate, update, or complete estate planning activities, and may provide you with contact information for attorneys who specialize in estate planning. We will participate in meetings or phone calls between you and your attorney with prior approval.

Investment Consultation

Investment consultation services often involve providing information on the types of investment vehicles available, employee retirement plans and/or stock options, investment analysis and strategies, asset selection and portfolio design, as well as limited assistance if your investment account is maintained at another broker/dealer or custodian. The strategies and types of investments that may be recommended are further discussed in Item 8 of this brochure.

Divorce Planning

Separation or divorce can have a major impact on your goals and plans. We will work with you to help you gain an understanding of your unique situation and provide you with a realistic financial picture so that you are in a better situation to communicate with legal counsel, a mediator or soon to be your ex-spouse. We can assist in the completion of cash flow and net worth projections, budgetary analysis, as well as help you to understand the financial consequences involving a settlement.

Special Needs Planning

For those households with a special needs family member, we will assist in determining how to save for the needed extra money, navigate government systems to pay for therapies and education, assist in assessing the need for life insurance for longer periods, identifying savings strategies that might jeopardize a special needs family member's opportunities to receive government benefits, as well as using planning tools that might include (or avoid) tax-sensitive ABLE savings accounts, as well as consideration of special-needs trusts.

Business Consultation

We are available to assist businesses in a variety of ways, including budgeting and forecasting, strategy, concepts to retain key personnel, as well as coordination with financial institutions, corporate attorneys or accounting firms.

Broad-Based v. Modular Financial Planning

A range of variables can affect the development of a plan, such as the quality of your own records, complexity and number of current investments, diversity of insurance products and employee benefits you currently hold, size of the potential estate, and special needs of the client or their dependents, among others. You will have the ability to determine if you would like a broad-based planning approach or only concentrate on reviewing only a specific area (modular planning), such as an employer retirement plan allocation, funding an education or estate planning issues, or evaluating the sufficiency of your current retirement plan. Note that when these services focus only on certain areas of your interest or need, your overall situation or needs may not be fully addressed due to limitations you may have established. Whether we have created a broad-based or modular plan, we will present you with a summary of our recommendations, guide you in the implementation of some or all of them per your decision, as well as offer you periodic reviews thereafter. In all instances involving our financial planning engagements, our clients retain full discretion over all implementation decisions and are free to accept or reject any recommendation we make.

Educational Workshops

We provide periodic educational seminar sessions involving personal finance and investing. Topics may include issues related to general financial planning, educational funding, estate planning, retirement strategies, implications involving changes in marital status, and various other current economic or investment topics.

Portfolio Management Services

Depending on your risk profile, goals and needs, among other considerations, your portfolio will involve the employment of one of our investment strategies as well as either a broad range or more narrowly focused choice of investment vehicles which are further discussed in Item 8 of this brochure. We do not sponsor or serve as a portfolio manager for an investment program involving wrapped (bundled) fees.

We will prepare written investment guidelines reflecting your objectives, time horizon, tolerance for risk, as well as any reasonable account constraints you may have for the portfolio. For example, you have the right to exclude certain securities (e.g., options, stocks, etc.) at your discretion. These guidelines will be designed to be specific enough to provide future guidance while allowing flexibility to work with changing market conditions. We will then develop a customized portfolio for you based on your unique situation, investment goals and tolerance for risk. We manage your portfolio on a discretionary or nondiscretionary basis (defined in Item 16). We want to note that it will remain your responsibility to promptly notify us if there is any change in your financial situation and/or investment objectives for the purpose of our reviewing, evaluating or revising previous account restrictions or firm investment recommendations.

Retirement Plan Services

Our firm is available to assist retirement plan sponsors in understanding the scope of their duties and responsibilities, aid in defining their investment options, and provide general advice and support during retirement plan group enrollment. We provide our plan services per § 3(21) of the Employee Retirement Income Security Act of 1974 (ERISA). We do not serve as plan adviser pursuant to ERISA § 3(38), investment manager or plan administrator. Investment selection and rebalancing will be accomplished by plan participants on a self-directed basis.

Outsourced Portfolio Management

Our firm develops model portfolios for institutional clients (i.e., other investment advisers), and we may be engaged as a consultant to other portfolio managers and institutions.

Retirement Plan Advice and Rollovers

As a registered investment adviser, our firm is a fiduciary to every client, thus we are obligated to always act in our clients' best interest. In addition to our fiduciary status as an investment advisory firm, when our firm provides advice to retirement investors, such as advice about an employer-sponsored retirement plan, individual retirement account (IRA) or other qualified retirement plan, we may also be considered by the US Department of Labor and the Internal Revenue Service to be acting as a fiduciary under Title I of Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code. These fiduciary obligations include requirements that we disclose our services and fees, conflicts of interest, and the reasons our recommendations are in the client's best interests.² After an analysis of the client's situation and their retirement plan documents, we will consider relevant factors including but not limited to the following:

- alternatives to rolling the employer plan to an IRA, including leaving the money in an employer's retirement plan (if permitted); rolling the money to a new employer plan if available; or cashing out
- fees and expenses associated with both the employer's plan and the rollover IRA (or other alternatives such as noted above) and whether the employer currently pays for some or all of the plan's expenses
- different levels of services and investments available under the employer plan and the rollover IRA, and other alternatives
- whether the rollover is appropriate considering any additional costs and the resultant decrease in the client's return
- treatment of withdrawals under each alternative (e.g., penalties up to age 55 vs. 59½ years old)
- protection from creditors and legal judgments (unlimited vs. bankruptcy only; federal- and state-specific)

² This Form ADV Part 2A firm brochure serves as our ERISA §408(b)(2) disclosure.

- required minimum distributions
- tax implications of rolling shares of employer stock, and
- impact of economically significant investment features such as surrender schedules and index annuity cap and participation rates (such as in an employer-sponsored § 403(b) plan account).

The potentially affected client will be made aware of conflicts of interest including but not limited to whether our firm will profit from a recommendation through financial planning and/or investment management fees, and whether services we offer are already provided by or available through the client's current retirement plan, and potentially at no additional cost.

As of August 31, 2024, the firm had approximately \$105.8 million under its management. Over \$105.2 million on discretionary basis, and over \$630,000 in non-discretionary assets.³

Item 5 - Fees and Compensation

Forms of payment are based on the types of services being provided, term of service, etc., and will be stated in your engagement agreement with our firm. Our maximum published fees are negotiable, and we typically waive or discount our fee for associates of our advisory firm and their family members. We strive to offer fees that are fair and reasonable considering the experience of our firm and the services to be provided to you. Similar services may be made available from other investment advisers and potentially at a lesser fee.

Fees are to be paid to the firm by check or draft from US-based financial institutions. With your prior authorization, payment may also be made by credit or debit card through a qualified, unaffiliated PCI compliant⁴ third-party processor, or withdrawal from your investment account held at your custodian of record. Midwest Financial Network, LLC does not accept cash, money orders or similar forms of payment for its engagements.

Financial Planning

Whether you choose a broad-based or modular plan, we assess an hourly fee for our financial planning services. Our rate is \$400 per hour; billed in 6-minute increments (1/10th of an hour), and partial increments (e.g., four minutes) are treated as a whole increment. Prior to entering into an agreement with our firm you will receive an estimate of the overall cost based on your requirements and the time involved. If we are engaged to design an investment portfolio but are not providing ongoing portfolio management, we may assess a fixed fee of up to \$5,000 depending on the scale and detail of the investment portfolio. We do not require a deposit at the time of engagement; the entire fee is due upon plan delivery.

Educational Workshops

We assess event sponsors (e.g., employer, associations, etc.) a fee of \$250 per attendee for our workshop sessions. One-half of the fee is due in advance of the scheduled event, and the remainder after the final workshop session.

³ Term "assets under management" and rounding to the nearest \$100,000 per the SEC's *General Instructions for Part 2 of Form ADV*.

⁴ Our firm does not retain credit or debit card data. For an explanation of the term "PCI," who the PCI Security Standards Council is, and its comprehensive standards to enhance payment card data security, go to https://www.pcisecuritystandards.org/security_standards/index.php

Portfolio Management

We require a per household minimum of \$500,000 of investible assets to be managed by our firm to open and maintain a portfolio management services account. At the end of each month portfolio management clients pay our firm an asset-based fee based on an annualized rate as indicated in the following fee table. The firm's fee is determined by the value of account assets calculated on each month-end by multiplying that quotient by the applicable number of basis points set forth in the fee table (one basis point equals 1/100 of one percent). The result is then divided by 12 to determine the monthly fee.

Formula: ((month-end market value) x (applicable number of basis points)) ÷ 12

| Assets Under Management | Annualized Asset-Based Fee (Maximum Fee Per Account) |
|---------------------------|---------------------------------------------------------|
| \$0 - \$1,000,000 | 1.25% (125 basis points) |
| \$1,000,001 - \$2,000,000 | 1.05% (105 basis points) |
| \$2,000,001 - \$5,000,000 | 0.85% (85 basis points) |
| \$5,000,001 - Above | 0.68% (68 basis points) |

Fee Example: An account maintaining \$1,000,000 of investible assets as of month's end will be assessed \$1,041.66 (monthly, in arrears). Formula: (\$1,000,000 x 125 bps) = \$12,500 (annualized fee) ÷ 12 (months) = \$1,041.66 (monthly fee).

Our fee is based on a blended tier. For example, an account maintaining \$1,500,000 would be assessed 125 basis points on the first \$1,000,000 and the remainder would be assessed 105 basis points.

In the rare absence of a reportable market value, our firm may seek a third-party opinion from a recognized industry source (e.g., unaffiliated public accounting firm), and the client may choose to separately seek such an opinion at their own expense as to the valuation of "hard-to-price" securities if they believe it to be necessary.

The first billing cycle will begin once your engagement agreement is executed with our firm and assets have settled into your account held by the custodian of record. Advisory fees for partial months will be prorated based on the remaining days in the reporting period in which our firm services the account. Your written authorization is required in order for the custodian of record to deduct our advisory fee from your account. By signing our firm's engagement agreement, as well as the custodian account opening documents, you will be authorizing the custodian to withdraw both advisory fees and any transactional fees from your account. The custodian will remit our fees directly to our firm. All fees deducted from your account will be noted on statements that you will receive directly from your custodian of record.⁵ Alternatively, you may request to directly pay our advisory firm its portfolio management fee in lieu of having the advisory fee withdrawn from your investment account. In this instance you will receive an invoice from our firm that will detail the total fee assessed, covered time period, calculation formula utilized, and reference to the assets under management in which the fee has been based. Your direct payment must be received by our firm within 10 days of our invoice.

Midwest Financial Network, LLC will not be entitled to cash or other client assets held by the custodian of record except those monies owed to our firm in connection with its services. Subject to the custodian's fee debit procedures, advisory fees will be payable first from free credit balances, if any, in the account(s)

⁵ Periodic account value variances between the firm's invoice and custodian statement (beyond the firm's control) may occur due to late trade settlement, dividend distribution, etc., requiring adjusted transaction reporting from the custodian of record.

designated for payment and, second, from the liquidation of any money market funds. If such assets are insufficient to satisfy payment of the advisory fees, we require clients to authorize the firm (subject to suitability guidelines) to instruct the custodian to liquidate a portion of any asset in the applicable account to cover the advisory fee. In addition, the firm will charge a client for fees and assessments associated with checks that are returned for insufficient funds assessed by the custodian; including, but not limited to, custodial/clearing firm fees or charges.

Retirement Plan Services

Employer-sponsored retirement plans are assessed an asset-based fee of 1.25% (125 basis points). The fee is determined by the value of the account and calculated on the month-end market value of the portfolio and multiplying that quotient by the applicable number of basis points (one basis point equals 1/100 of one percent). The result is then divided by 12 to determine the monthly fee. The first billing cycle will begin once the engagement agreement is executed with our firm and plan assets have settled into plan account(s) held by the plan's designated custodian of record. Advisory fees for partial months will be prorated based on the remaining days in the reporting period. By signing our firm's engagement agreement, as well as the selected custodian account opening documents and/or third-party administrator forms, the plan sponsor/participant will be authorizing the withdrawal of both advisory and transactional fees (see following sections) from plan accounts. The withdrawal of these fees will be accomplished by the selected custodian or third-party administrator, not by our firm, and our fees will be remitted directly to our firm. We do not accommodate requests for direct payment involving our retirement plan services. Deducted fees will be noted on account statements that each participant and/or plan sponsor receives from the custodian of record and/or third-party administrator on a quarterly or more frequent basis.⁴

Outsourced Portfolio Management

When our firm serves as an outsourced portfolio manager for other investment advisers, we assess an asset-based fee of 0.50% (50 basis points). The fee is determined monthly by the total value of accounts managed by the investment adviser utilizing our firm's portfolio models. The fee will be calculated on the month-end market value by multiplying that quotient by the applicable number of basis points (one basis point equals 1/100 of one percent). The result is then divided by 12 to determine the monthly fee. Fee payments will be made to our firm by the investment adviser not later than 10 days from our invoice. We do not directly invoice individual client accounts via this engagement.

Additional Client Fees

Fees paid by our clients to our firm for our advisory services are separate from any internal fees or charges a client may pay for mutual funds, exchange-traded funds (ETFs), exchange-traded notes (ETNs), or other similar investments. Any transactional or service fees (sometimes termed *brokerage fees*), individual retirement account fees, qualified retirement plan fees, account termination fees, or wire transfer fees will normally be borne by the account holder per the custodian of record's separate fee schedule. We will provide you with a copy of our custodian's fee schedule at the beginning of the engagement, and you will be notified of any future changes to those fees by the custodian of record and/or third-party administrator for certain tax-qualified plans. Additional information about our fees in relationship to our brokerage practices is noted in Item 12 of this document.

External Compensation Involving Transactions

Our firm does not charge or receive a commission or a mark-up on securities transactions, nor will the firm or an associate be paid a commission on the purchase of a securities holding that is recommended to a client. We do not receive "trails" or SEC Rule 12b-1 fees from an investment company that may be

recommended to a client. Fees charged by such issuers are detailed in prospectuses or product descriptions and interested clients are encouraged to read these documents before investing. Our firm and its associates receive none of these described or similar fees or charges. Our clients retain the right to purchase recommended or similar investments through a provider of their choice (i.e., broker, agent, etc.).

When there is the potential for the receipt of a commission and other similar compensation via an insurance product transaction (e.g., fixed annuity, life or disability insurance policy, long-term care coverage, etc.) through an associate of our firm when serving as an insurance agent, the associate has an incentive to make such a recommendation based on the compensation they receive rather than a client's needs. Our advisory firm and its associates take their responsibilities seriously and intend to recommend investments, insurance or advisory services we believe appropriate for each client. Please refer to Item 10 of this firm brochure, in addition to Item 4 of an associate's brochure supplement for details.

Termination of Services

Either party may terminate the agreement at any time by communicating their intent to the other party to terminate it. You have the right to terminate the engagement without penalty within five business days after entering into the contract. We do not require an advance fee for our financial planning services; subsequently, if a planning client terminates our services after this five business-day rescission period, we are not obligated to provide them with a plan, including a partial plan. After the five business-day rescission period, if an educational workshop sponsor cancels the event within 24 hours of the first session, fees are normally not subject to a refund due to operational costs borne by our firm, but we will consider crediting the fee to a future educational session presented by our firm. When a portfolio management services client, retirement plan sponsor or another investment advisory firm that we serve terminates their agreement after the five business-day rescission period, that client/firm will be assessed fees on a prorated basis for services incurred from either (i) as a new client, the date of the engagement to the date of the firm's receipt of the written notice of termination, or (ii) all other accounts, the last billing period to the date of the firm's physical or constructive receipt of written termination notice. We will return any prepaid, unearned fees within 30 days of the firm's receipt of termination notice.

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

Our firm's advisory fees will not be based on a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as performance-based fees. Our fees will also not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not.

Item 7 - Types of Clients

We provide our advisory services to individuals and high net worth individuals, businesses of all scale, retirement plan sponsors, and other investment advisory firms. Refer to Item 5 for information about our minimum asset levels. We reserve the right to decline services to any prospective client for any nondiscriminatory reason.

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

Methods of Analysis

We utilize fundamental and technical analyses. We evaluate various economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. We then study historical market patterns and trends to assist us in determining the direction of the market as well as specific securities. Our research is often drawn from sources that include:

- financial periodicals
- research reports from economists and other industry professionals
- corporate rating services
- company press releases and annual reports
- regulatory filings (i.e., prospectus, financial filings, etc.)

Investment Strategies

We recognize that each client's needs and goals are different; subsequently, portfolio strategies and underlying investment vehicles may vary. Our primary strategy is based on Core + Satellite investing. We blend passive and active investing, where passive investments are used as the basis or “core” of a portfolio and actively managed investments are added as “satellite” positions. The portfolio core holdings are indexed to potentially more efficient asset classes, while outlying selections are generally limited to active holdings to outperform a particular category (sector), or a selection of positions to increase core diversification, or to improve portfolio performance. For example, the core of a portfolio may be built with index funds or ETFs; satellite holdings might include active investments (e.g., equities or sector ETFs) with unique strategies that are believed capable of adding value beyond a stated benchmark over a full market cycle. Our portfolios contain investment vehicles that are globally diversified, tax-efficient and low-cost whenever practical. It is common to find a broad range of opened and closed-end mutual funds and ETFs within a portfolio, as well as incorporating individual stocks and bond positions when appropriate.

Risk of Loss

Our firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that a planning goal or investment objective will be achieved. Past performance is not necessarily indicative of future results. Investing in securities involves risk of loss that clients should be prepared to bear. While the following list is not exhaustive, we provide some examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each prior to investing.

Active Management

A portfolio that employs active management strategies may, at times, outperform or underperform various benchmarks or other strategies. To meet or surpass these benchmarks, active portfolio management may require more frequent trading or “turnover.” This may result in shorter holding periods, higher transactional costs and/or taxable events generally borne by the client, thereby potentially reducing or negating certain benefits of active asset management.

Company Risk

When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as *unsystematic risk* and can be reduced or mitigated through diversification.

Core + Satellite Strategies

Strategies involving Core + Satellite investing may have the potential to be affected by “active risk” (or “tracking error risk”), which might be defined as a deviation from a stated benchmark. Since the core

portfolio attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a “sample” or “optimized” index fund or ETF that may not as closely align the stated benchmark.

Currency Risk

The risk of loss from fluctuating foreign exchange rates when a portfolio has exposure to foreign currency or in foreign currency traded investments is known as currency risk.

Equity (Stock) Risk

Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock or common stock equivalents of any given issuer, they may be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

Preferred stocks can be affected by interest rate and liquidity risks (described in adjacent paragraphs). Also note that their dividend payment is not guaranteed; some are subject to a call provision, meaning the issuer can redeem its preferred shares on demand, and usually when interest rates have fallen.

Failure to Implement

Each financial planning client is free to accept or reject any or all the recommendations made by our firm. While no advisory firm can guarantee future performance, no plan can succeed if it is not implemented. Clients who choose not to take the steps recommended in their plan may face an increased risk that their stated goals and objectives will not be achieved.

Fixed Income Risks

Various forms of fixed income instruments, such as bonds, money market funds, bond funds, and certificates of deposit, may be affected by various forms of risk, including:

- Credit Risk - The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as “default risk.” Credit risk may also occur when an issuer’s ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as mutual funds or ETF share values that hold these issues. Bondholders are creditors of an issuer and typically have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.
- Duration Risk - Duration is a measure of a bond’s volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.
- Interest Rate Risk - The risk that the value of the fixed income holding will decrease because of an increase in interest rates. The longer the maturity of the bond, the more sensitive its value is to changes in interest rates. Bond prices and interest rate changes are inversely correlated.
- Reinvestment Risk - With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

Fundamental Analysis

The challenge involving fundamental analyses is that the information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

Inflation Risk

Also called *purchasing power risk*, is the chance that the cash flow from an investment won't be worth as much in the future because of changes in purchasing power due to inflation.

Liquidity Risk

Liquidity risk is the inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (e.g., bonds), there are risks which may occur such as when an issue trading in any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.

Market Risk

This is also called systematic risk. In cases where markets are under extreme duress, many securities lose their ability to provide diversification benefits.

Mutual Fund and ETF Risks

The risk of owning mutual funds and ETFs reflect their underlying securities (e.g., stocks, bonds, derivatives, etc.). These forms of securities typically carry additional expenses based on their share of operating expenses and certain brokerage fees, which may result in the potential duplication of certain fees. Certain ETFs and indexed funds have the potential to be affected by "active risk;" a deviation from its stated index (e.g., S&P 500).

While many ETFs and index mutual funds are known for their potential tax-efficiency and higher "qualified dividend income" (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be a holding within an ETF or mutual fund), may be considered "non-qualified" under certain tax code provisions. A holding's QDI will be considered when tax-efficiency is an important aspect of the client's portfolio.

Leveraged and/or inverse ETFs attempt to achieve multiples of the performance of an index or benchmark through the opposite (inverse) of the performance of the tracked index or benchmark. This strategy attempts to profit from, or hedge exposures to, downward drifting markets. There is a risk involving this strategy and part of the concern is since leveraged and inverse exchange traded funds "reset" daily, which means they are designed to achieve their stated objectives on a *daily basis*. It is due to the compounding effect of daily adjustments that ETF performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of an underlying index or benchmark during the same period. This effect is potentially magnified during volatile markets. If effects contrary to the ETF strategy occur, losses may be significant; therefore, leveraged and/or inverse ETFs will be considered for portfolios either properly hedged or for clients able to sustain potentially higher risks. Leveraged and inverse ETFs will not be recommended for portfolios where a "buy-and-hold" philosophy is important.

Passive Management

A passive portfolio has the risk of generating lower-than-expected returns due to its broad diversification when compared to a portfolio more narrowly focused.

Political Risk

The risk of financial and market loss because of political decisions or disruptions in a particular country or region may also be known as "geopolitical risk."

Research Data

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. While our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

Technical Analysis

The risk of investing based on technical analysis is that they may not consistently predict a future price movement; the current price of a security may reflect all known information. A change in the market price of a security may follow a random pattern and may not be as predictable as desired. This may occur due to analyst bias or misinterpretation, a sector analysis error, late recognition of a trend, etc.

Item 9 - Disciplinary Information

Neither the firm nor its management has been involved in any criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our offering advisory business or its integrity.

Item 10 - Other Financial Industry Activities and Affiliations

Firm policies require associated persons to conduct business activities in a manner that avoids conflicts of interest between the firm and its clients, or that may be contrary to law. We will provide disclosure to each client prior to and throughout the term of an engagement regarding any conflicts of interest involving its business relationships that might reasonably compromise its impartiality or independence.

Our firm and its management are not registered nor have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm or associated person of such a firm. We are not required to be registered with such entities, nor do they supervise our firm, its activities or our associates. Neither the firm nor its management is or has a material relationship with any of the following types of entities:

- accounting firm or accountant
- another financial planning or third-party investment managers (nor do we refer, select, or utilize their services)
- bank, credit union or thrift institution, or their separately identifiable department or division
- lawyer or law firm

- pension consultant
- real estate broker, dealer or adviser
- sponsor or syndicator of limited partnerships
- trust company
- issuer of a security, to include investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” or offshore fund)

As noted in Item 5, associates of our firm (including management) are licensed insurance agents appointed with various unaffiliated insurance carriers. Whether they are serving a client in one or more capacities, they will disclose in advance how they are being compensated and if there is a conflict of interest involving any advice or service being provided. At no time will there be *tying* between business practices and/or services; a condition where a client or prospective client would be required to accept one product or service which is conditional upon the selection of a second, distinctive tied product or service.

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

Our advisory firm is a fiduciary. We will act in the utmost good faith, performing in a manner believed to be in the best interest of our clients. We believe that our business methodologies, ethics rules, and adopted policies are designed to eliminate or at least minimize material conflicts of interest, and to appropriately manage any material conflicts of interest that may remain. It is important to point out that no set of rules can anticipate or relieve all material conflicts of interest. Our firm will disclose to its advisory clients any material conflict of interest relating to the firm, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

Code of Ethics

We have adopted a Code of Ethics that establishes policies for ethical conduct for our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Firm policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others. We periodically review and amend our Code of Ethics to ensure that they remain current, and we require firm personnel to annually attest to their understanding of and adherence to the firm’s Code of Ethics. A copy of the firm’s Code of Ethics is made available to any client or prospective client upon request.

Firm Recommendations and Conflicts of Interest

Our associates are prohibited from borrowing from or lending to a client unless the client is an approved financial lending institution (e.g., bank, broker/dealer, etc.).

Neither our firm nor its associates are authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a “related person” (associates, their immediate family members, etc.) has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

Our firm and/or its related persons may buy or sell securities that are the same as, similar to, or different from, those we recommend to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time will our firm or any related party receive preferential treatment over our clients. We mitigate this conflict by ensuring that we have policies and procedures in

place to ensure that the firm or a related person will not receive preferential treatment over a client. In order to reduce or eliminate certain conflicts of interest involving personal trading (e.g., trading ahead of client recommendations or trades, “cherry picking,” trading on insider information, etc.), firm policy requires that we restrict or prohibit certain related parties’ transactions. Any exceptions must be approved in writing by our Chief Compliance Officer, and personal trading accounts are reviewed on a quarterly or more frequent basis. Please refer to Item 6 of an associate’s accompanying Form ADV Part 2B brochure supplements for further details.

Item 12 - Brokerage Practices

Factors Used to Select Broker/Dealers for Client Transactions

Our clients’ accounts must be separately maintained by a qualified custodian (generally a broker/dealer, futures commission merchant, national bank or trust company) that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authority. Our firm is not a custodian, there is not an affiliate that is a custodian, nor does a custodian supervise our firm, its activities or our associates. We do not receive referrals from custodians, nor are client referrals a factor in our recommendation of a custodian.

If a client engages us to provide periodic investment advice via a financial planning component, they have the right to keep their assets with their present custodian/service provider. If the client prefers a new service provider, a recommendation made by our firm will be based on client need, overall costs, ease of use, and following our review of the recommended provider.

We prefer that our portfolio management clients use Interactive Brokers, LLC (“Interactive Brokers”), individual accounts. For corporate retirement plans we prefer our clients to use Mid-Atlantic Trust Company (“Mid Atlantic”), or Matrix Financial Solutions (“Matrix”). Note that Interactive Brokers, Mid Atlantic, and Matrix self-clear and custody client accounts. Matrix Financial Solutions is a division of Broadridge Financial Solutions, Inc. (“Broadridge”). Interactive Brokers and Broadridge are FINRA and SIPC member firms.⁶ While we recommend that you use a particular custodian, you will decide whether to do so and will open your account with them by entering into an account agreement directly with them. We do not technically open an account for you, although we will assist you in doing so. If you do not wish to place your assets with a recommended custodian, we may serve as portfolio manager for your account maintained at a custodian of your choice if that custodian’s policies allow us to do so and following your written authorization via the other custodian’s limited power of attorney document.

Interactive Brokers, Mid-Atlantic, and Matrix offer our firm services which include custody of client assets, trade execution, clearance and settlement, etc. Our firm may receive other benefits from them through participation in their independent adviser support program. These benefits may include the following products and services (provided either without cost or at a discount):

- receipt of duplicate client statements and confirmations
- research related products and tools
- access to trading desks serving our clients
- access to block trading services
- the ability to have advisory fees deducted directly from a client’s accounts (per written agreement)

⁶ You may learn more about the SIPC and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.

- resource information related to capital markets and various investments
- access to electronic communications networks for client order entry and account information
- access to certain mutual funds with no transaction fees, and
- discounts on marketing, research, technology, and practice management products or services provided to our firm by third-party providers.

Certain tools, services or discounts made available to our firm by the above-noted firms benefit our advisory firm but may not directly benefit each client account. While our firm does not think these services are considered "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934, certain jurisdictions where we serve client accounts believe they fall under this definition. The availability of these services benefits our firm because we do not have to produce or purchase them if clients maintain assets in accounts at our recommended custodian. There is a conflict of interest since our firm has an incentive to select or recommend a custodian based on our firm's interest in receiving these benefits rather than the client's interests in receiving favorable trade execution. Our firm conducts periodic assessments of custodians involving a review of the range and quality of services, reasonableness of fees, among other items, in comparison to industry peers.

Best Execution

"Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed in the earlier paragraphs. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected custodian's transactions represent the best "qualitative execution" while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates, but it may not necessarily correlate with the lowest possible rate for each transaction. We have determined having our portfolio management clients' accounts trades completed through our recommended custodian is consistent with our obligation to seek best execution of client trades. A review is regularly conducted regarding recommending a custodian to our clients considering our duty to seek best execution.

While our firm has access to a broad range of securities through our custodian, it is a finite number. In addition, not all investment managers (mutual funds), share classes, etc., are represented at each custodian. Due to these normal and customary limitations, not all portfolio holdings will be readily available, least expensive, best performing, etc. It is an unrealistic expectation for an investor to maintain a premise otherwise.

Directed Brokerage

Not all investment advisers require their clients to direct brokerage, nor do we think our firm is involved in directed brokerage per industry definition. However, our operational relationship with our custodian requires client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker should be selected for client account trades, whether that is an affiliate of our preferred custodian or another executing broker of our custodian's choice. As a result, the client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case. In addition, since we routinely recommend a custodian to our advisory clients, and that custodian may choose to use the execution services of its broker affiliate for some or all our client account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services described above from that custodian. Note that we are not compensated for trade routing/order flow, nor are we paid commissions on such trades. We do not receive interest on an account's cash balance.

Client accounts maintained at our custodian are unable to direct brokerage. As a result, they may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case if they had the opportunity to direct brokerage.

For accounts maintained at a custodian of the client's choice (e.g., held-away accounts), the client may choose to request that a particular broker is used to execute some or all account transactions. Under these circumstances, the client will be responsible for negotiating, in advance of each trade, the terms and/or arrangements involving their account with that broker, and whether the selected broker is affiliated with their custodian of record or not. We will not be obligated to seek better execution services or prices from these other brokers, and we will be unable to aggregate transactions for execution via our custodian with other orders for accounts managed by our firm. As a result, the client may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case.

Aggregating Securities Transactions

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed "blocked" or "batched" orders. Aggregated orders are affected to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among multiple client accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders. Our firm may, but is not obligated, to aggregate orders held by the custodian of record, and our firm does not receive additional compensation or remuneration because of aggregated transactions. Transaction charges and/or prices may vary due to account size and/or method of receipt. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which a related person may invest, the firm will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will provide a copy of the referenced No Action letter upon request.

Please note that when trade aggregation is not allowed or infeasible and necessitates individual transactions (e.g., withdrawal or liquidation requests, odd-lot trades, non-discretionary accounts, etc.), an account may be assessed higher costs or less favorable prices than those where aggregation has occurred.

Item 13 - Review of Accounts

Scheduled Reviews

Portfolios that we supervise are reviewed on a quarterly or more frequent basis by Raymond Kozicki or Ryan Biniak (serving as portfolio manager). We encourage scheduled financial check-ups and client-level portfolio reviews to occur on an annual basis whenever practical. Reviews will be conducted by the client's assigned investment adviser representative and typically involve analysis and possible revision of your previous financial plan or investment allocation. A copy of revised plans or asset allocation reports in printed or digital format will be provided to the client upon request.

Periodic plan sponsor reviews are encouraged, and we believe they should occur at least on an annual basis if practical. Reviews will be conducted by Mr. Kozicki or Mr. Biniak, and it typically involves an analysis and possible revision of previous plan recommendations. We will conduct annual plan participant group review sessions upon plan sponsor request.

Interim Reviews

You should contact our firm for additional reviews when you anticipate or have experienced changes in your financial situation (i.e., changes in employment, an inheritance, the birth of a new child, etc.), or if you prefer to change requirements involving your account. Interim reviews are conducted by the client's assigned investment adviser representative. A copy of revised plans or asset allocation reports in printed or digital format will be provided to the client upon request.

Additional reviews by our portfolio manager(s) may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector. A portfolio may be reviewed for an additional holding or when an increase in a current position is under consideration. Account cash levels above or below what we deem appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also trigger a review.

Plan sponsors should contact our firm for additional reviews when there are material changes to the plan requirements or financial situation. The review is conducted by Mr. Kozicki or Mr. Biniak and typically involves an analysis and possible revision of previous plan recommendations. We do not conduct unscheduled participant-level reviews.

Client Reports

Whether you have opened and maintained an investment account on your own or with our assistance, you will receive account statements sent directly from your account custodian where your investments are held. We urge you to carefully review these account statements for accuracy and clarity, and to ask questions when something is not clear.

We do not create or distribute our own performance reports; nor do we back-test nor certify reports from an external party. Account holders are reminded to carefully review and compare account statements provided by their custodian of record with any report they have received from any source containing investment performance information.

Item 14 - Client Referrals and Other Compensation

Please refer to Item 12 for information with respect to our relationship with our preferred custodian and the conflicts of interest it presents. We do not engage in solicitation activities. If we receive or offer an introduction to a client, we do not pay or earn a referral fee, nor are there established *quid pro quo* arrangements. Each client has the right to accept or deny such referral or subsequent services.

Item 15 - Custody

Our firm does not take physical custody of a client account. Our clients' accounts must be maintained by an unaffiliated, qualified custodian. Accounts are not to be maintained by our firm or any associate of our firm. In keeping with this policy involving our clients' accounts our firm:

- restricts the firm or an associate from having general power of attorney over a client account
- restricts the firm or an associate from serving as trustee over a client account (unless it is an immediate family member)
- does not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm
- prohibits the firm or an associate to have the client's bank or investment account access information (i.e., passwords and user identification)

- will not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future, and
- prohibits associates from having authority to directly withdraw securities or cash assets from a client account. Although we may be deemed to have limited (aka. constructive or indirect) custody of an account since we may request the withdrawal of advisory fees from an investment account, we will do so only on the following terms:
 - ✓ our firm will possess written authorization from the client to deduct advisory fees from an account held by their custodian of record
 - ✓ we will send the client's qualified, unaffiliated custodian a notice of the amount of the fee to be deducted from the client's account, and
 - ✓ the client must be able to receive an account statement directly from the account custodian.
- does not allow standing letters of authority (SLOAs) unless the:
 - ✓ client provides written instruction to their qualified custodian that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed
 - ✓ client authorizes the firm in writing on their qualified custodian's form any power to direct transfers to the third party either on a specified schedule or from time to time
 - ✓ client's qualified custodian performs appropriate verification of the client's instructions, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer
 - ✓ client has the ability to terminate or change the instruction to the client's qualified custodian
 - ✓ firm has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction
 - ✓ third party is not a related party to our firm and is located at a different address as the firm
 - ✓ client's qualified custodian sends the client a written initial notice confirming the instruction, and
 - ✓ client is annually provided notice reconfirming their instructions.

Your account custodian will provide your account transaction confirmations and account statements, which includes debits and credits, as well as our firm's advisory fee for that period. Statements are provided on at least a quarterly basis or as transactions occur within your account. We urge all our clients to inform us if they are not receiving their trade confirmations or account statements from their custodian. Our firm will not create a separate account statement for a client nor serve as the sole recipient of a client account statement.

If you receive a report from any source that includes investment performance information, you should review and compare that report with your account statements that you received directly from your custodian of record.

Item 16 - Investment Discretion

Our firm generally conducts its investment management engagements on a discretionary basis. Via limited power of attorney signed by the client, discretionary authority allows our firm to determine the securities to be bought or sold for a client's account and the amount of securities to be bought or sold for a client's account without requiring the client's prior authorization for each transaction in order to meet stated investment objectives. This authority will be granted through the client's execution of both our engagement

agreement and the selected custodian's account documents. Note that the custodian will specifically limit our firm's authority within an account to the placement of trade orders and the request for the deduction of our advisory fees.

Our firm prefers not to manage client accounts on a non-discretionary basis, but we may accommodate such requests on a case-by-case basis. Non-discretionary account authority requires a client's ongoing prior approval involving the securities to be bought or sold for a client's account and the amount of securities to be bought or sold for a client's account, including portfolio rebalancing. Non-discretionary engagement clients are required to execute our firm's client services agreement that describes our limited account authority, as well as the custodian of record's account document that includes their limited power of attorney form or clause. It is important to note that due to a client's requirement for trading pre-approval, that client must make themselves continually available and keep our firm updated on their contact information so that instructions can be efficiently and timely effected on their behalf. In addition, non-discretionary accounts are generally unable to be aggregated (see Item 12) and may therefore be assessed higher trading fees or receive less favorable prices than those accounts where trade aggregation has occurred.

We will account for any reasonable restrictions involving the management of the client's account (i.e., no sin stocks, avoiding international holdings, etc.). It remains the client's responsibility to notify us if there is any change in their situation and/or investment objective so that we may reevaluate previous investment recommendations or portfolio holdings. Our clients retain the right to amend our account authority, in writing.

Our firm does not serve as an ERISA retirement plan investment manager. We do not have trading authority within plan participants' self-directed accounts.

Item 17 - Voting Client Securities

Our clients may periodically receive proxies or other similar solicitations sent directly from the custodian of record or transfer agent. If we receive a duplicate copy, note that we do not forward these or any similar correspondence relating to the voting of the client securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on a client's behalf, including those accounts that we have discretionary authority over; nor do we offer specific guidance on how to vote proxies. We will not offer guidance involving any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets. However, we will answer limited questions via a scheduled meeting with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or its legal representative.

You maintain exclusive responsibility for directing the way proxies solicited by issuers of securities that are beneficially owned by you shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to your holdings. You should consider contacting the issuer or your legal counsel regarding specific questions you may have with respect to a particular proxy solicitation or corporate action.

Item 18 - Financial Information

Fee withdrawals must be made through a qualified intermediary (e.g., your custodian of record) following your written agreement.

Engagements with our firm do not require the collection of fees from you of \$1,200 or more for our advisory services that have been agreed to be performed six months or more into the future.

Neither our firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition.

Due to the nature of our firm's advisory services and operational practices, an audited balance sheet is not required nor included in this brochure.