

## ITEM 1 - COVER PAGE

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## ADV 2A BROCHURE

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OCTOBER 10, 2024

This brochure provides information about the qualifications and business practices of Perspective Wealth Advisors, LLC ("PWA"). If you have any questions about this brochure's contents, please contact us at (970) 576-6013. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or any state securities authority. PWA is a Registered Investment Adviser ("RIA"). Registration as an Investment Adviser with the SEC or any state securities authority does not imply a certain level of skill or training.

Additional information about PWA is available on the SEC's website at <http://www.adviserinfo.sec.gov/>. You can search this site by a unique identifying number called an IARD number. The IARD number for PWA is 332574.

## ITEM 2 - MATERIAL CHANGES

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### SUMMARY OF MATERIAL CHANGES

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Under federal and state law, fiduciaries must make full disclosure to Clients of all material facts relating to the advisory relationship. This brochure provides clients or prospective clients with information and conflicts of interest about Perspective Wealth Advisors, LLC that should be considered before or when obtaining our investment advisory services. We are required to update this item to describe the material changes made to this brochure on an annual basis and deliver to you, within 120 days of the end of the fiscal year, a free updated brochure that includes or is accompanied by a summary of material changes; or a summary of material changes and an offer to provide an updated brochure and how to obtain it. We will also provide interim disclosures regarding material changes, as necessary.

As of September 9, 2024, there are no material changes to report, as this is our Firm's initial application for registration with the SEC.

This brochure may be updated periodically for non-material changes to clarify and provide additional information.

### QUESTIONS & CONCERNS

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We encourage you to read this document in its entirety. Our Chief Compliance Officer, Steven Weigandt, remains available to address any questions or concerns regarding this Part 2A Brochure, including any material change disclosure or information described below.

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## ITEM 4 - ADVISORY BUSINESS

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### ABOUT OUR FIRM

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Perspective Wealth Advisors, LLC is currently registered with the Securities and Exchange Commission ("SEC") as an investment adviser, with its principal place of business located in Loveland, Colorado. Perspective Wealth Advisors, LLC is a limited liability company formed under the laws of the State of Delaware in 2024. Perspective Wealth Advisors, LLC has been in business since 2024, and is wholly owned by S&S Weigandt LLC. Our Firm was registered with the SEC as an investment adviser in 2024. Registration as an Investment Adviser with the United States SEC or any state securities authority does not imply a certain level of skill or training. Our Firm currently has one office located at 1615 Foxtrail Drive, Suite 260 Loveland, CO 80538.

This brochure is designed to provide detailed and precise information about each item noted in the table of contents. Certain disclosures are repeated in one or more items, and other disclosures are referred throughout to be as comprehensive as possible on the broad subject matters discussed.

Within this brochure, specific terms in either are used as follows:

PWA refer to Perspective Wealth Advisors, LLC.

- "Firm," "we," "us," and "our" refer to Perspective Wealth Advisors, LLC

"Advisor," "Investment Advisor Representative," and "IAR" refers to our professional representatives who provide investment recommendations or advice on behalf of Perspective Wealth Advisors, LLC.

- "You," "yours," and "Client" refers to Clients of Perspective Wealth Advisors, LLC and its advisors.
- "Code" refers to our Firm's Code of Ethics.
- "CCO" refers to our Chief Compliance Officer.

### ADVISORY SERVICES WE OFFER

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Our Firm offers a variety of advisory services, which include discretionary investment management, financial planning, consulting services and assets under advisement, retirement services, and third-party money management. Before rendering any preceding advisory services, Clients must enter into one or more written Investment Advisory Agreements ("Agreements"), setting forth the relevant terms and conditions of the advisory relationship.

Our Firm manages portfolios for individuals, high-net-worth individuals and families, estates, trusts, partnerships, retirement plans, corporations, and charitable foundations, and pension plans. We provide investment management and advisory services to multi-generational families using separately managed accounts under a custodial relationship with an independent brokerage firm.

With our discretionary relationship, we will change the portfolio as appropriate to help meet your financial objectives. We trade Client portfolios based on our Firm's market views and the Client's financial goals.

We primarily invest in individual stocks, bonds, exchange traded funds ("ETFs"), US government treasuries, corporate bonds, municipal bonds, REITs/BDCs, mutual funds, and other public and private securities investments. A portion of the account may be held in cash, cash equivalents, or money market funds as part of the overall investment strategy. Cash balances may have a higher concentration and represent a sizable portion of your overall portfolio, depending on the current investment outlook or strategy.

Clients may impose reasonable restrictions on investing in certain securities by notifying Us through written notification.

Where deemed appropriate, we may recommend that our Clients invest in alternative assets, including, private equity funds, real estate funds, and other alternative funds. Although the Investment Advisory Agreement with our Clients gives us broad investment authority, we do not anticipate investing in other security types. However, from time to time, we will consider incorporating socially responsible investing (Sustainable Investing Strategies ("SIS") or Environment, Social, and Governance Strategies ("ESG") for those Clients who wish to align their portfolios with their personal preferences for Impact Investing. This may include investing in both public and private markets. A Client's investment allocation and our strategy will depend on the Client's responses in review meetings, written questionnaires, stated goals, risk tolerance, objectives, and personal preference for Impact Investing.

Clients are advised to promptly notify us if there are changes in their financial situation or if they wish to place any limitations on managing their portfolios.

Perspective Wealth Advisors, LLC can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. Perspective Wealth Advisors, LLC only recommend such borrowing for non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based on the value of the assets being managed gross of any margin or borrowing.

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#### LEGACY MANAGEMENT SERVICES

Our Firm may advise a Client about legacy positions or other investments in Client portfolios. Clients can limit or restrict our trading in these positions.

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#### FINANCIAL PLANNING & CONSULTING SERVICES

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

Written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. Implementation of the recommendations will be at the discretion of the client. Our firm provides clients with a summary of their financial situation, and observations for financial planning engagements. Financial consultations are not typically accompanied by a written summary of observations and recommendations, as the process is less formal than the planning service. Assuming that all the information and documents requested from the client are provided promptly, plans or consultations are typically completed within 6 months of the client signing a contract with our firm.

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#### INDEPENDENT SUB-ADVISORY AND THIRD-PARTY MANAGER SERVICES

If deemed appropriate, our Firm will utilize the services of a Sub-Advisor ("SMA" or "Manager") or Independent Third-Party Manager ("ITPM" or "Manager") to manage your accounts. Investment recommendations and securities trading will only be offered by or through the chosen SMA or ITPM. Our Firm will not advise on any specific securities concerning this service.

Before referring you, our Firm will provide initial due diligence on SMA and ITPMs and ongoing reviews of their management of your accounts. To assist in selecting an SMA or ITPM, our Firm will gather information about the Client's financial situation, investment objectives, and reasonable restrictions to be imposed upon the account management.

Our Firm will periodically review the Manager reports provided to the Client. We will periodically contact the Client to review their financial situation and objectives, communicate information to the Manager as warranted, and assist you in understanding and evaluating the services provided. The Client will be expected to notify our Firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

By executing an Investment Advisory Agreement with our Firm, the Client gives our Firm the discretionary authority to hire or fire the Manager and to allocate assets among Managers without obtaining consent.

The services provided by the SMA and ITPM include:

- Assessment of your investment needs and objectives
- Implementation of an asset allocation
- Delivery of suitable style allocations (e.g., Income, Large Cap, Small Cap, Growth, Value, etc.)
- Facilitation of portfolio transactions
- Ongoing monitoring of investment vehicles' performance
- Review of accounts for adherence to policy guidelines and asset allocation
- Reporting of your portfolio activity.

Each Manager has minimum account requirements that will vary between Managers. Account minimums are typically higher for fixed-income accounts than for equity-based accounts. A complete description of the Manager's services, fee schedules, and account minimums will be disclosed in the Manager's disclosure brochure, which will be provided to you before or when an agreement for services is executed, and the account is established.

## RETIREMENT PLAN SERVICES

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When providing any non-discretionary investment advisory services, we will solely be making investment recommendations to the Sponsor, and the Sponsor retains full discretionary authority or control over assets of the retirement plan. We agree to perform any non-discretionary investment advisory services to the retirement plan as a fiduciary, as defined in ERISA Section 3(21)(A)(ii). We will act in good faith and with the degree of diligence, care, and skill that a prudent person rendering similar services would exercise under similar circumstances.

When providing administrative services, we may support the Sponsor with plan governance and committee education; vendor management and service provider selection and review; investment education; or plan participant non-fiduciary education services. We agree to perform any administrative services solely in a capacity that would not be considered a fiduciary under ERISA or any other applicable law.

When offering investment models to plan sponsors, under certain circumstances, we will act as a "fiduciary" as defined under Section 3(21) of ERISA and Section 4975I (3) of the Internal Revenue Code of 1986, as amended (the "Code").

When applicable, our Firm accepts its appointment as an "Investment Manager" within the meaning of Section 3(38) of ERISA (but only concerning those plan assets constituting the portfolio models). We will not have any authority or responsibility in the administration of the Plan (including the selection of portfolio models for the Plan) or interpretation of any Plan document. Our Firm agrees it will act in a manner consistent with the

requirements of a fiduciary under ERISA and the Code. We further agree that all investment management powers, duties, and responsibilities relating to the portfolio shall be exercised exclusively by our Firm per the Plan.

## ROLLOVER RECOMMENDATION DISCLOSURE

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Our Firm is considered a fiduciary under the Investment Advisers Act of 1940. 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 the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We must act in your best interest and not put our interests ahead of yours. At the same time, how we make money conflicts with Client interests.

A Client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options):

- leave the money in the former employer's plan, if permitted,
- roll over the assets to the new employer's plan, if one is available and rollovers are permitted,
- rollover to an Individual Retirement Account ("IRA"), or
- cash out the account value (which depending upon the Client's age, could result in adverse tax consequences).

Our Firm may recommend a Client rollover plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its advisors may earn an asset-based fee on the rolled assets. In contrast, a recommendation that a Client leave their plan assets with their previous employer or rollover the assets to a plan sponsored by a new employer will result in no compensation to our Firm. Therefore, our Firm 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 numerous factors that our Firm will consider before recommending a rollover, including but not limited to:

- the investment options available in the plan versus the investment options available in an IRA,
- fees and expenses in the plan versus the fees and expenses in an IRA,
- the services and responsiveness of the plan's investment professionals versus those of our Firm,
- protection of assets from creditors and legal judgments,
- required minimum distributions and age considerations, and
- employer stock tax consequences, if any.

The Chief Compliance Officer remains available to address client questions regarding the supervision and oversight of rollover and transfer assets.

## CLIENT OBJECTIVES & RESTRICTIONS

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Our Firm tailors our investment management and advisory services continuously to meet the needs of our Clients. We seek to ensure Client portfolios are managed consistently with those needs and objectives in mind. We meet with Clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints, and other related factors relevant to managing their portfolios. Clients may impose reasonable restrictions on managing the accounts if the conditions do not impact the performance of a management strategy.

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## WRAP FEE PROGRAM

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Our Firm does not sponsor or participate in a Wrap Program.

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## REGULATORY ASSETS UNDER MANAGEMENT

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As of this brochure's date, we do not have any regulatory assets under management as this is a newly formed entity.

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## ITEM 5 - FEES AND COMPENSATION

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In addition to the information provided in Item 4 – Advisory Business, this section details our Firm's services and each service's fees and compensation arrangement. The Client and Perspective Wealth Advisors, LLC's Investment Advisory Agreement will outline and agree upon the exact costs and other terms related to the Client's Accounts.

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### INVESTMENT MANAGEMENT FEE

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Our Firm offers investment management services for an annual fee based on the amount of assets under management. Our annual investment advisory fee ranges from 0.50% to 2.00% depending on the size and complexity of your account. Our annual fee is reasonable in relation to (1) the services provided and (2) the fees charged by other investment advisers offering similar services/programs.

Our annual fee is prorated and charged monthly, in arrears based on the average daily balance of the account. Cash and cash equivalents, including money market funds, are subject to your advisory fee. Clients should understand that the advisory fees charged on these balances may exceed the returns provided by cash, cash equivalents, or money market funds, especially in low-interest rate environments.

Our Firm retains complete discretion to negotiate fees and may waive or impose different fees on any Client. The investment advisory fees will be deducted from your account and paid directly to our Firm by the qualified Custodian(s) of your account. The Client will authorize your account's qualified Custodian(s) to deduct fees from the account and pay such fees directly to our Firm. All account assets, transactions, and advisory fees will be shown on the monthly or quarterly statements provided by the Custodian. You should review your account statements received from the qualified Custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified Custodian(s) will not verify the accuracy of the investment advisory fees deducted. We may aggregate related Client accounts to calculate the advisory fee applicable to the Client. The investment management agreement will outline the fee charged to a Client and any breakpoints based on the level of assets managed. The fees are subject to change with prior written notice to the Client.

Our annual investment advisory fee may be higher than that of other investment advisers that offer similar services and programs. In addition to our compensation, you may incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

Accounts initiated or terminated during a calendar month will be charged a prorated fee based on the days the Client account was open during that quarter. Any prepaid, unearned fees will be refunded upon termination of any account.

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### LEGACY MANAGEMENT FEE

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Managed legacy positions are included within our Firm's standard investment management fee and are outlined in the executed investment management agreement.

## FINANCIAL PLANNING & CONSULTING FEE

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Our Firm provides financial planning and consulting services under a fixed initial or ongoing fee arrangement. This arrangement charges a mutually agreed-upon fee for financial planning services.

Fees charged for our financial planning services are negotiable based upon the type of Client, the services requested, the investment adviser representative providing advice, the complexity of the Client's situation, the composition of the Client's account, other advisory services provided, and the relationship of the Client and the investment adviser representative.

The amount of the fee for your engagement is specified in your financial planning agreement with us. At our sole discretion, the Client may be required to pay the fee at the time the agreement is executed with our Firm; however, our Firm does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance. The fee is considered earned upon delivery of the financial plan, and any unpaid amount is immediately due.

The Client may pay the fees owed for the financial planning services by submitting payment directly via Advisor Pay. If the Client elects to pay by automatic deduction from an existing investment account, they will provide written authorization to our Firm for such a charge.

If the Client terminates the financial planning services after entering into an agreement with our Firm, the Client will be invoiced and responsible for immediate payment of any hourly financial planning services performed by us before receiving notice of termination. For financial planning services, our Firm performs under a fixed initial or ongoing fee arrangement, the Client will be responsible for paying a pro-rated fixed fee equivalent to the percentage of work that our Firm completed. If there is a remaining balance of any fees paid in advance after deducting fees from the final invoice, those remaining proceeds will be refunded to the Client.

## INDEPENDENT SUB-ADVISORY & THIRD-PARTY MANAGER SERVICE FEES

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A complete description of the SMA and ITPM's services, fee schedules, and account minimums will be disclosed in Manager's disclosure brochure, which will be provided to you before or when an agreement for services is executed, and the account is established. Each third-party investment adviser is required under federal securities laws to provide their clients, including SMA and ITPM Clients, with a Form ADV Part 2A ("Adviser Brochure" or "this Brochure") that includes disclosures, and among other things, the fees charged to their clients.

The actual fee charged to the Client will vary depending on SMA or ITPM. All fees are calculated and collected by the Manager, who will be responsible for delivering our Firm's portion of the fee paid by the Client. With SMA and ITPMs, you may incur additional charges, including mutual fund sales loads, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees.

There is a potential conflict of interest in using independent Managers if they pay us a portion of their advisory fee and have met the conditions of our Firm's due diligence review. Our Firm is committed to always working in the Client's best interest. There may be other Managers not affiliated with our Firm that may be suitable for a Client or may be more or less costly. As with any Advisor, no guarantees can be made that the SMA or ITPM will achieve your financial goals or objectives. Further, no guarantees of performance can be offered.

Clients should review the SMA or ITPM's Brochure in its entirety, along with this Brochure, to fully understand the services, fees, agreements, and risks surrounding these arrangements and fully understand that these types of arrangements have layers of fees that may or may not be apparent without reading the SMA or ITPM's Brochure and this Brochure, along with the offering document/prospectus for underlining investments.

## RETIREMENT PLAN SERVICE FEE

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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").

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

Our Firm or the Plan Sponsor may terminate the Agreement upon 30 days written notice to the other party. The Plan Sponsor is responsible for paying for the services rendered until the termination of the Agreement.

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## ADDITIONAL FEES & EXPENSES

In addition to the advisory fees paid to our Firm, Clients also incur certain charges imposed by other third parties, such as broker-dealers, Custodians, trust companies, banks, and other financial institutions. These additional charges include securities, transaction fees, custodial fees, fees charged by the SMA, ITPM, and Manager charges imposed by a mutual fund or ETF (Exchange Traded Funds) in a Client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Our brokerage practices are described at length in Item 12 below. Neither our Firm nor its supervised persons accept commission compensation for selling securities or other investment products. Further, we do not share any additional fees and expenses outlined above.

Our Firm's investment strategies may include mutual and exchange-traded funds ("ETFs"). Our policy is to purchase institutional share classes of those mutual funds selected for the Client's portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund, and one share class may have a lower expense ratio than another. Mutual fund expense ratios are in addition to our fees; we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, we may use them in the Client's portfolio or convert the existing mutual fund position to the lower-cost share class. Clients who transfer mutual funds into their accounts with our Firm would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a Client's transactions in fund shares (e.g., for rebalancing, liquidations, deposits, or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

When selecting investments for our Clients' portfolios, we might choose mutual funds on your account Custodian's Non-Transaction Fee (NTF) list. This means that your account Custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in the Client's Custodial NTF fund program pay a fee to the Custodian to be included in the NTF program. The mutual fund owners bear the fee that a company pays to participate in the program, as captured in the fund's expense ratio. When choosing a fund from the Client's Custodial NTF list, our Firm considers the expected holding period, position size, and expense ratio versus alternative funds. Depending on our Firm's analysis and future events, NTF funds might not always be in the Client's best interest.

## ITEM 6 - PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

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Performance-based fees are based on a share of capital gains on or appreciation of the assets in a Client's account.

Our Firm does not accept performance-based or other fees based on a share of capital gains or appreciation of a Client's assets.

## ITEM 7 - TYPES OF CLIENTS

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Our Firm provides investment management, investment advice, financial planning, consulting and advisement, and third-party portfolio management to individuals, high-net-worth individuals, families, estates, trusts, partnerships, retirement plans, corporations, charitable foundations, investment companies, broker-dealer clients, and pension plans.

Clients must execute a written agreement with our Firm specifying the advisory services to establish a Client arrangement with us.

## ITEM 8 - METHODS OF ANALYSIS, STRATEGIES, & RISK OF LOSS

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### METHODS OF ANALYSIS

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Our Investment Advisory Representatives will generally use the following analysis methods to formulate our investment advice and manage Client assets. However, each IAR can manage its Client's account as necessary, and their specific analysis method may vary from below. Clients should acknowledge that investing in securities involves the risk of loss, regardless of the strategies, that Clients should be prepared to bear.

#### CYCLICAL

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In this type of technical analysis, we measure the movements of a particular stock against the overall market to predict the security price movement.

#### CHARTING

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In this type of technical analysis, we review market and security activity charts to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk because a poorly managed or financially unsound company may underperform regardless of market movement.

#### FUNDAMENTAL

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Fundamental analysis attempts to identify stocks offering sturdy growth potential at a competitive price by examining the underlying company's business and conditions within its industry or the broader economy. Investors have traditionally used fundamental analysis for longer-term trades, relying on metrics such as earnings per share, price-to-earnings ratio, price-to-earnings growth, and dividend yield.

## DURATION CONSTRAINTS

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Our firm adhere to a discipline of generally maintaining duration within a narrow band around benchmark duration in order to limit exposure to market risk. Our portfolio management team rebalances client portfolios to their current duration targets on a periodic basis. The risk of constraining duration is that the client may not participate fully in a large rally in bond prices.

## QUANTITATIVE

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Our Firm uses a proprietary optimization model that takes historical price performance, quantitative risk metrics, and several other data points as inputs and attempts to recommend securities that will enhance the overall risk-reward characteristic of the whole portfolio.

## TECHNICAL

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Technical analysis is a form of security analysis that uses price and volume data, typically displayed graphically in charts. The charts are analyzed using various indicators to make investment recommendations. Technical analysis has three main principles and assumptions: (1) The market discounts everything, (2) prices move in trends and countertrends, and (3) price action is repetitive, with specific patterns reoccurring.

## RISKS FOR ALL FORMS OF ANALYSIS

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Our Firm's securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that the analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

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Our Firm may use any of the following investment strategies when managing Client assets and providing investment advice:

### LONG-TERM HOLDING

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Our Firm purchases securities with the intent to hold them in the Client's account long-term (longer than one year). In extreme circumstances, we may be forced to sell a fund completely within a year of buying it. An example would be a fund Manager resigns, and we do not have confidence in the new management. Also, fund positions may be trimmed occasionally to rebalance the portfolio.

A risk in a long-term purchase strategy is that holding the security for this length of time may decline in value before we decide to sell. We do not guarantee the future performance of the account or any specific level of performance, the success of any investment decision or strategy we may use, or the success of the overall management of the account. The Client understands that the investment decisions our Firm makes for the Client's account are subject to various market, currency, economic, political, and business risks and that those investment decisions will not always be profitable. Clients are reminded that investing in any security entails the risk of loss, which they should be willing to bear.

## STRATEGIC ASSET ALLOCATION

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The primary investment strategy used by our Firm is based on the diversification of the Client's assets among various investment vehicles and asset classes, popularly termed "Asset Allocation." Our Firm's recommendations focus primarily on achieving a diversified portfolio of investment assets with desirable risk and return characteristics. We meet regularly to evaluate new and reevaluate existing investment opportunities. During these meetings, we deliberate on issues regarding the proper allocation of Client assets based on current conditions.

## TACTICAL ASSET ALLOCATION

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Tactical asset allocation is an active management portfolio strategy that shifts the percentage of assets held in various categories to take advantage of market pricing anomalies or strong market sectors. This strategy allows portfolio Managers to create extra value by taking advantage of certain situations in the marketplace. It is a moderately active strategy since Managers return to the portfolio's original asset mix once reaching the desired short-term profits.

## VALUE INVESTING

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Value investing is buying stocks that trade at a significant discount to their intrinsic value. Value investors achieve this by looking for companies on cheap valuation metrics, typically low multiples of their profits or assets, for reasons not justified over the longer term. This approach requires a contrarian mindset and a long-term investment horizon.

Value investing seeks to exploit the irrational behavior of emotional investors. Emotion is a constant feature of investment markets through time. While the companies available to stock market investors change from decade to decade, the human nature of the investors does not. Fear and greed remain ever-present and frequently lead to poor investment decisions based on perception and emotion rather than reality. Periodically these miss pricings can become extreme (e.g., the tech bubble of the 1990s or, conversely, the great depression of the 1930s); however, they exist to a greater or lesser extent in most markets. This creates an opportunity for long-term value investors.

## USE OF ALTERNATIVE INVESTMENTS

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If deemed appropriate for your portfolio, our Firm may recommend "alternative investments." Alternative investments may include a broad range of underlying assets including hedge funds, private equity, venture capital, registered, publicly traded securities, structured notes, and private real estate investment trusts. Alternative investments are speculative, not suitable for all Clients, and intended for only experienced and sophisticated investors who are willing to bear the high risk of the investment, which can include: loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative investment practices; lack of liquidity in that there may be no secondary market for the fund and none expected to develop; volatility of returns; potential for restrictions on transferring an interest in the fund; potential lack of diversification and resulting higher risk due to concentration of trading authority with a single adviser; absence of information regarding valuations and pricing; potential for delays in tax reporting; less regulation and often higher fees than other investment options such as mutual funds. The SEC requires investors to be accredited to invest in these more speculative alternative investments. Investing in a fund concentrating on a few holdings may involve heightened risk and greater price volatility.

## DESCRIPTION OF MATERIAL, SIGNIFICANT OR UNUSUAL RISKS

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

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## RISK OF LOSS

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A Client's investment portfolio is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic conditions, changes in laws, and national and international political circumstances.

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Our Firm will assist Clients in determining an appropriate strategy based on their tolerance for risk.

While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

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## ACTIVE MANAGEMENT RISK

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Due to its active management, a portfolio could underperform other portfolios with similar investment objectives or strategies.

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## ALLOCATION RISK

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A portfolio may use an asset allocation strategy to pursue its investment objective. There is a risk that a portfolio's allocation among asset classes or investments will cause a portfolio to lose value or cause it to underperform other portfolios with a similar investment objective or strategy or that the investments themselves will not produce the returns expected.

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## ALTERNATIVE RISK

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Alternative investments include other additional risks. Lock-up periods and other terms obligate Clients to commit their capital investment for a minimum period, typically no less than one or two years and sometimes up to 10 or more years. Illiquidity is considered a substantial risk and will restrict the ability of a Client to liquidate an investment early, regardless of the success of the investment. Alternative investments are difficult to value within a Client's total portfolio. There may be limited availability of suitable benchmarks for performance comparison; historical performance data may also be limited.

In some cases, there may be a lack of transparency and regulation, providing an additional layer of risk. Some alternative investments may involve the use of leverage and other speculative techniques. As a result, some alternative investments may carry substantial additional risks, resulting in the loss of some or all the investment. Using leverage and certain other strategies will result in adverse tax consequences for tax-exempt investors, such as the possibility of unrelated business taxable income, as defined under the U.S. Internal Revenue Code.

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## CAPITALIZATION RISK

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Small-cap and mid-cap companies may be hindered due to limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.

## COMPANY RISK

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The risk related to a Firm's business plans, stock valuation, profitability, accounting practices, growth strategy, and other factors particular to a company rather than the overall market. Some of these risks cannot be predicted, such as the retirement or death of a senior executive, which may lead to negative performance in the future.

## CONCENTRATION RISK

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Strategies concentrated in only a few securities, sectors or industries, regions or countries, or asset classes could expose a portfolio to greater risk. They may cause the portfolio value to fluctuate more widely than a diversified portfolio. Overexposure to certain sectors or asset classes (e.g., MLPs, REITs, etc.) may be detrimental to an investor if there is a negative sector move.

## CREDIT RISK

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The credit rating of an issuer of a security is based on, among other things, the issuer's historical financial condition and the rating agencies' investment analyses at the time of rating. An actual or perceived deterioration of the ability of an issuer to meet its obligations would harm the value of the issuer's securities.

## CYBERSECURITY RISK

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Increased Internet use makes a portfolio susceptible to operational and informational security risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include but are not limited to infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through "hacking" or other means to misappropriate assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches of third-party service providers may cause disruptions at third-party service providers and impact our business operations, potentially resulting in financial losses; the inability to transact business; violations of applicable privacy and other laws, regulatory fines, or penalties; reputational damage; unanticipated expenses or other compensation costs; or additional compliance costs. Our Firm has an established business continuity and disaster recovery plan and related cybersecurity procedures designed to prevent or reduce the impact of such risks; there are inherent limitations in such plans and systems due in part to the evolving nature of technology and cyberattack tactics.

## DEFLATION RISK

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When inflation or expectations are low, the value and income of an account's investments in inflation-linked securities could fall, resulting in losses.

## EQUITY RISK

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Equity instruments are subject to equity market risk, the risk that common stock prices fluctuate over short or extended periods. Equity securities have greater price volatility than fixed-income securities. The market price of equity securities may increase or decrease, sometimes rapidly or unpredictably. Equity securities may decline

in value due to factors affecting markets, industries, sectors or geographic regions represented in those markets, or individual security concerns.

#### EVENT RISK

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The possibility is that an unforeseen event will negatively affect a company or industry and, thus, increase security volatility.

#### FIXED INCOME & DEBT RISK

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Debt securities are affected by changes in interest rates. When interest rates rise, the value of debt securities is likely to decrease. Conversely, when interest rates fall, the values of debt securities are likely to increase. The values of debt securities may also be affected by changes in the issuing entities' credit rating or financial condition.

#### INDUSTRY OR SECTOR RISK

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An account that focuses its investments in specific industries or sectors is more susceptible to developments affecting those industries and sectors than a more broadly diversified fund. Issuers in a single industry can react similarly to market, economic, industry, social, political, regulatory, and other conditions. For example, suppose an account has significant investments in technology companies. In that case, the account may perform poorly during a downturn in one or more industries or sectors that heavily impact technology companies.

#### INTEREST RATE RISK

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When interest rates increase, the value of the account's investments may decline, and the account's share value may decrease. This effect is typically more pronounced for intermediate and longer-term obligations. This effect is also typically more pronounced for mortgages and other asset-backed securities since the value may fluctuate more significantly in response to interest rate changes. When interest rates decrease, the account's current income may decline.

#### LEGACY HOLDING RISK

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Investment advice may be offered on any investment a Client holds at the start of the advisory relationship. Depending on tax considerations and Client sentiment, these investments will be sold over time, and the assets invested in the appropriate strategy. As with any investment decision, there is the risk that timing with respect to the sale and reinvestment of these assets will be less than ideal or even result in a loss to the Client.

#### LIQUIDITY RISK

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Low trading volume, large positions, or legal restrictions are some conditions that could limit or prevent a portfolio from selling securities or closing positions at desirable prices. Securities that are relatively liquid when acquired could become illiquid over time. The sale of any such illiquid investment might be possible only at substantial discounts or might not be possible at all. Further, such investments may take more work to value.

#### MANAGEMENT RISK

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An account is subject to the risk that judgments about the attractiveness, value, or potential appreciation of the account's investments may prove to be incorrect. If the selection of securities or strategies fails to produce the intended results, the account could underperform other accounts with similar objectives and investment strategies.

## MARKET RISK

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Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money, and your investment may be worth less upon liquidation. Due to a lack of demand in the marketplace or other factors, an account may only be able to sell some or all the investments promptly or may only be able to sell assets at desired prices.

## MUTUAL FUND OR ETF RISK

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Our models and accounts may use certain ETFs and mutual funds to invest primarily in alternative investments or strategies. Investing in these alternative investments and strategies may only be suitable for some of our Clients. These include special risks, such as those associated with commodities, real estate, and leverage, selling securities short, use of derivatives, potential adverse market forces, regulatory changes, and potential ill-liquidity. Special risks are associated with ETFs that invest principally in real estate securities, such as sensitivity to changes in real estate values or changes in interest rates and price volatility due to the ETF's concentration in the real estate market.

The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of Managers, and the fund straying from its objective (*i.e.*, style drift). Mutual funds have certain costs associated with underlying transactions and operating costs, such as marketing and distribution expenses and advisory fees. Mutual fund costs and expenses vary from fund to fund and will impact a mutual fund's performance. Additionally, mutual funds typically have different share classes, as further discussed below, that trade at different Net Asset Values ("NAV") as determined at the daily market close and have different fees and expenses.

## NON-LIQUID ALTERNATIVE INVESTMENT RISK

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From time to time, our Firm will recommend to certain qualifying Clients that a portion of such Clients' assets be invested in private funds, private fund-of-funds, or other alternative investments (collectively, "Non-liquid Alternative Investments"). Non-liquid Alternative Investments are not suitable for all our Firm's Clients. They are offered only to those qualifying Clients for whom our Firm believes such an investment is suitable and in line with their overall investment strategy. Non-liquid Alternative Investments typically are available to only a limited number of sophisticated investors who meet the definition of "accredited investor" under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), or "qualified Client" under the Investment Advisers Act of 1940 or "qualified purchaser" under the Investment Company Act of 1940. Non-liquid Alternative Investments present special risks for our Firm's Clients, including, without limitation, limited liquidity, higher fees and expenses, volatile performance, no assurance of investment returns, heightened risk of loss, limited transparency, additional reliance on underlying management of the investment, special tax considerations, subjective valuations, use of leverage and limited regulatory oversight. When a Non-liquid Alternative Investment invests part or all of its assets in real estate properties, there are additional risks that are unique to real estate investing, including but not limited to: limitations of the appraisal value, the borrower's financial conditions (if a loan has obtained the underlying property), including the risk of foreclosures on the property; neighborhood values; the supply of and demand for properties of like kind; and certain city, state or federal regulations.

Additionally, real estate investing is also subject to possible loss due to uninsured losses from natural and artificial disasters. The above list is not exhaustive of all risks related to an investment in Non-liquid Alternative Investments. A more comprehensive discussion of the risks associated with a particular Non-liquid Investment is set forth in that fund's offering documents, which will be provided to each Client subscribing to a Non-liquid Alternative Investment for review and consideration. It is important that each potential, qualified investor carefully read each offering or private placement memorandum before investing.

## **ITEM 9 - DISCIPLINARY INFORMATION**

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Registered investment advisers are required to provide information about all disciplinary information that would be material to a Client's evaluation of our Firm or the integrity of its management. Clients should refer to the Advisor's Form ADV Part 2B Brochure Supplement. If the Client did not receive the Advisor's Form ADV Part 2B Brochure Supplement, the Client should contact the Chief Compliance Officer using the information provided on the cover page of this Brochure. Our Chief Compliance Officer is available to address any questions a Client or prospective client may have regarding the above or any information outlined in this Brochure.

Our Firm has no legal or disciplinary events that are material to a Client or prospective clients, evaluation of our advisory business, or the integrity of our management services.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS**

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Clients should review our IARs Form ADV Part 2B Brochure Supplement to determine whether the Client's IAR is engaged in any of the activities described below that may create a conflict of interest. If the Client did not receive the Advisor's Form ADV Part 2B Brochure Supplement, the Client should contact the Firm's Chief Compliance Officer using the information on the cover page of this Brochure. The Chief Compliance Officer is available to address any questions a Client or prospective client may have regarding any of the below conflicts of interest, or any other information outlined in this Brochure.

### **INSURANCE COMPANIES**

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In their individual capacities, some of our Firm's IARs are agents for various third-party insurance companies. As such, these individuals may receive separate yet customary commission compensation for implementing product transactions on our advisory Clients' behalf. Clients, however, are not obligated to engage IARs when considering implementing advisory or insurance recommendations. Implementing any or all recommendations is solely at the Client's discretion.

### **ACCOUNTING & TAX SERVICES**

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Representatives of our firm are Certified Public Accountants. In such capacity, they also provide income tax preparation or accounting services. Our firm does not actively solicit clients to utilize these services.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION & INTEREST IN CLIENT TRANSACTIONS, & PERSONAL TRADING**

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Our Firm maintains a Code of Ethics to reinforce the fiduciary principles governing our Firm and its employees. The Code, among other things, requires all employees to act with integrity and ethics, and professionalism.

Policies against overreaching, self-dealing, insider trading, and conflicts of interest are outlined in our Code. Our Code forbids employees from trading, either personally or on behalf of others, based on non-public material information or communicating non-public material information to others violating the law.

Additionally, our Code sets forth restrictions and quarterly attestations on receiving gifts, outside business activities, personal trading activity, maintenance of personal brokerage accounts, and other matters. The Code is appropriately designed and implemented to prevent or eliminate potential conflicts of interest between our Firm, our employees and IARs, Clients, and investors. We always strive to make decisions in our Client's best interest should a conflict of interest arise.

Clients should be aware that no set of rules, policies, or procedures can anticipate, avoid, or address all potential conflicts of interest.

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## PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

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Our employees, IARs, and our associated persons are not prohibited from owning or trading securities bought, sold, and recommended to our Clients, provided such personal trading activity complies with the parameters, limitations, and requirements of the Code. Employees, IARs, and associated persons must receive approval from our Firm's CCO when engaging in reportable securities transactions. Our CCO is responsible for reviewing all employees', IARs, and associated persons' trading when they occur and periodically reviewing trading activity. Our CCO has broad discretion to reject employee trading for any reason. Our Firm's policies and procedures related to the personal trading activity of employees aim to demonstrate our commitment to placing Clients' interests ahead of our trading interests.

While our Firm does not maintain a proprietary trading account and therefore does not have a direct material financial interest in any securities it recommends to Clients, in certain situations, our Firm's employees and associated persons may purchase interests in the same securities at the same or different portfolio percentages or risk levels, in which one or more Clients is investing or has invested. Conversely, a Client may purchase interests in security where our employees, IARs, and associated persons are investing or have invested.

Any exceptions to the Code require the prior approval of the CCO. We will provide a copy of the Code to any Client or prospective client upon such written or verbal request. Such requests should be directed to our Firm's CCO at the contact information listed in Item 1 - Cover Page of this Brochure.

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## ITEM 12 - BROKERAGE PRACTICES

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### INVESTMENT MANAGEMENT SERVICES

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Clients must maintain assets in an account with a "qualified Custodian," a broker-dealer or bank. If our Firm is asked to give a recommendation, our recommendation is based on the broker's cost and fees, skills, reputation, dependability, and compatibility with the Client. The Client may obtain lower commissions and fees from other brokers.

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### CHARLES SCHWAB & CO. INC.

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While our Firm recommends that Clients use Schwab as a Custodian, Clients must decide whether to do so and open accounts with Schwab by entering into account agreements directly with them. The Client opens the accounts with Schwab. The accounts will always be held in the Client's name and never in our Firm's.

## HOW OUR FIRM SELECTS CUSTODIAN-BROKER

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Our Firm seeks to recommend a Custodian-Broker who will hold Client assets and execute the transactions on terms that are, overall, most advantageous compared to other available providers and their services. Our Firm considers a wide range of factors, including, among others:

Combination of transaction execution and asset custody services (without a separate fee for custody).

- Capability to execute, clear, and settle trades (buy and sell securities for Client accounts).
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payments, etc.).
- The breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.).
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of services.
- Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices.
- Reputation, financial strength, and stability.
- Prior service to our Firm and our other Clients.

Availability of other products and services that benefit our Firm, as discussed below (see "Products and Services Available to Us from Schwab").

## CLIENT BROKERAGE & CUSTODY COSTS

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For Clients' accounts, Schwab maintains and generally does not charge separately for custody services. However, Schwab receives compensation by charging ticket charges or other fees on trades it executes or settling into Clients' Schwab accounts. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that our Firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Client's Schwab account. These fees are in addition to the ticket charges or compensation the Client pays the executing broker-dealer. Because of this, our Firm has Schwab execute most trades for Client accounts to minimize trading costs. Our Firm has determined that having Schwab execute most trades is consistent with our duty to seek the "best execution" of Client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How Our Firm Selects Custodian-Broker).

## PRODUCTS AND SERVICES AVAILABLE TO US FROM SCHWAB

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Schwab Advisor Services™ (formerly called Schwab Institutional®) provides independent investment advisory Firms and Clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our Clients' accounts; others help us manage and grow our business. Schwab's support services typically are available on an unsolicited basis and at no charge to our Firm. These are typically considered soft dollar benefits because there is an incentive to do

business with Schwab. Receiving soft dollar benefits creates a conflict of interest. We have established policies in this regard to mitigate any conflicts of interest. We believe our selection of Schwab as Custodian-Broker is in the Clients' best interests. Our Firm will always act in the best interest of our Clients and act as fiduciary in carrying out services to Clients. The following is a more detailed description of Schwab's support services:

## SERVICES THAT BENEFIT OUR CLIENTS

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Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab include some we might not otherwise have access to or would require a significantly higher minimum initial investment by our Clients. Schwab's services described in this paragraph benefit our Clients and their accounts.

## SERVICES THAT MAY NOT DIRECTLY BENEFIT OUR CLIENTS

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Schwab also makes other products and services available that benefit our Firm but may not directly benefit our Clients or their accounts. These products and services assist our Firm in managing and administering our Clients' accounts. They include investment research, both Schwab's own and that of third parties. Our Firm may use this research to service all or a substantial number of our Client's accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to Client account data (such as duplicate trade confirmations and account statements).
- Facilitate trade execution and allocate aggregated trade orders for multiple Client accounts.

Provide pricing and other market data.

- Facilitate payment of our fees from our Clients' accounts.
- Assist with back-office functions, recordkeeping, and Client reporting.

## SERVICES THAT GENERALLY BENEFIT ONLY US

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Schwab also offers other services to help our Firm manage and further develop our business enterprise.

These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to our Firm. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our Firm with other benefits, such as occasional business entertainment for our personnel.

## OUR INTEREST IN SCHWAB'S SERVICES

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- The availability of these services from Schwab benefits our Firm because we do not have to produce or purchase them. These services are not contingent upon our Firm committing any specific amount of business to Schwab in trading commissions. We believe our selection of Schwab as Custodian and Broker is in our Client's best interests.

Some of the products, services, and other benefits provided by Schwab benefit our Firm and may not benefit our Client accounts. Our recommendation or requirement that you place assets in Schwab's custody may be based, in part, on the benefits Schwab provides to our Firm or our Agreement to maintain certain Assets Under Management at Schwab and not solely on the nature, cost, or quality of custody and execution services provided by Schwab.

- Our Firm places trades for our Clients' accounts subject to its duty to seek the best execution and other fiduciary duties. Schwab's execution quality may be different from other broker-dealers.

Our Firm does not routinely recommend, request, or require that the Client direct us to execute the transactions through a specified Custodian. Additionally, our Firm typically does not permit the Client to direct brokerage. We place trades for Client accounts subject to our duty to seek the best execution and other fiduciary duties.

- We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:
  - Our policy for the aggregation of transactions shall be fully disclosed separately to our existing Clients (if any) and the broker/dealer(s) through which such transactions will be placed.
  - We will only aggregate transactions if we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek the best price) for the Client and is consistent with the terms of our investment advisory agreement.
  - No advisory Client will be favored over any other Client; each Client that participates in an aggregated order will participate at the average share price for all transactions in a given security on a given business day, with transaction costs based on each Client's participation in the transaction.
  - Our Firm will prepare a written statement ("Allocation Statement") specifying the participating Client accounts and how to allocate the order among those Clients.
  - If the aggregated order is filled in its entirety, it will be allocated among Clients per the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
  - Notwithstanding the preceding, the order may be allocated on a basis different from that specified if all Client accounts receive fair and equitable treatment. The reason for the difference in allocation will be documented and reviewed by our Firm's Compliance Officer. Our Firm's books and records will separately reflect, for each Client account, the orders which are aggregated, and the securities held by and bought for that account.
  - Our Firm will not receive additional compensation or remuneration of any kind because of the proposed aggregation; and
  - Individual advice and treatment will be accorded to each advisory Client.

## BROKERAGE FOR CLIENT REFERRALS

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Our Firm does not receive Client referrals from any Custodian or third party in exchange for using that broker-dealer or third party.

## AGGREGATION & ALLOCATION OF TRANSACTIONS

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Our Firm does not typically aggregate transactions; however, we may aggregate transactions if we believe that aggregation is consistent with the duty to seek the best execution for our clients and is consistent with the

disclosures made to clients and terms defined in the client Investment Advisory Agreement. If we do aggregate trades for ourselves or our associated persons with your trades, we will ensure that the following conditions are met:

- When only a small percentage of the order is executed, with respect to purchase allocations, allocations may be given to accounts high in cash.
- Concerning sale allocations, allocations may be given to accounts low in cash.
- We may allocate shares to the account with the smallest order, to the smallest position, or to an account that is out of line concerning security or sector weightings relative to other portfolios with similar mandates.
- We may allocate one account when that account has limitations in its investment guidelines prohibiting it from purchasing other securities that we expect to produce similar investment results, and other accounts can purchase that in the block.
- If an account reaches an investment guideline limit and cannot participate in an allocation, we may reallocate shares to other accounts. For example, this may be due to unforeseen changes in an account's assets after placing an order.
- If a pro-rata allocation of a potential execution would result in a de minimis allocation in one or more account(s), we may exclude the account(s) from the allocation.
- Our Firm will document the reasons for any deviation from a pro-rata allocation.

In certain cases, client requests or specific needs will trigger an unplanned transaction in a security where an aggregate transaction occurred previously during the day. Under these circumstances, client transactions will be excluded from the block transaction and receive differing pricing.

Our Firm may aggregate transactions if it believes that aggregation is consistent with the duty to seek the best execution for its Clients and is consistent with the disclosures made to Clients and terms defined in the Investment Advisory Agreement. No Client will be favored over any other Client. Each account in an aggregated order will participate in the average share price (per Custodian) for all transactions in that security on a given business day.

If we do not receive a complete fill for an aggregated order, we will allocate the order on a pro-rata basis. If we determine that a pro-rata allocation is not appropriate under the circumstances, we will base the allocation on other relevant factors, which may include:

- When only a small percentage of the order is executed, with respect to purchase allocations, allocations may be given to accounts high in cash.
- Concerning sale allocations, allocations may be given to accounts low in cash.
- We may allocate shares to the account with the smallest order, to the smallest position, or to an account that is out of line concerning security or sector weightings relative to other portfolios with similar mandates.
- We may allocate one account when that account has limitations in its investment guidelines prohibiting it from purchasing other securities that we expect to produce similar investment results, and other accounts can purchase that in the block.
- If an account reaches an investment guideline limit and cannot participate in an allocation, we may reallocate shares to other accounts. For example, this may be due to unforeseen changes in an account's assets after placing an order.
- If a pro-rata allocation of a potential execution would result in a de minimis allocation in one or more account(s), we may exclude the account(s) from the allocation.
- Our Firm will document the reasons for any deviation from a pro-rata allocation.

In certain cases, client requests or specific needs will trigger an unplanned transaction in a security where an aggregate transaction occurred previously during the day. Under these circumstances, client transactions will be excluded from the block transaction and receive differing pricing.

## TRADE ERRORS

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Our Firm has implemented procedures designed to prevent trade errors; however, our Firm cannot always avoid Client trade errors.

Consistent with our Firm's fiduciary duty, it is our Firm's policy to correct trade errors in a manner that is in the Client's best interest. In cases where the Client causes the trade error, the Client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the Client may not be able to receive any gains generated due to the error correction. In all situations where the Client does not cause the trade error, the Client will be made whole, and we would absorb any loss resulting from the trade error if our Firm caused the error. If the Custodian causes the error, the Custodian will cover all trade error costs. If an investment error results in a gain when correcting the trade, the gain will be donated to charity. Our Firm will never benefit or profit from trade errors.

## DIRECTED BROKERAGE

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Our Firm does not routinely recommend, request, or require that the Client direct us to execute the transaction through a specified broker-dealer. Additionally, our Firm typically does not permit the Client to direct brokerage. Our Firm places trades for Client accounts subject to its duty to seek the best execution and other fiduciary duties.

# ITEM 13 - REVIEW OF ACCOUNTS

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## CLIENT REVIEWS

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Our Firm reviews Client accounts and financial plans periodically. Our IARs will monitor Client accounts regularly and perform annual reviews with each Client. All accounts are reviewed for consistency with Client investment strategy, asset allocation, risk tolerance, and performance. More frequent reviews may be triggered by changes in an account holder's personal, tax, or financial status. Geopolitical and macroeconomic-specific events may also trigger reviews. Our recommendations depend on the information provided by the Client. Our Client must notify our Firm of any situation that would impair our ability to manage our Client accounts properly.

The Client receives a copy of each trade confirmation (unless the Client has authorized the Custodian to suppress the confirmations) and the standard written account statement from the qualified account Custodian every quarter.

# ITEM 14 - CLIENT REFERRALS & OTHER COMPENSATION

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## BROKERAGE PRACTICES

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As disclosed under Item 12 Brokerage Practices, we participate in the Custodian's institutional customer programs, and we may recommend a Custodian to our Clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our Clients. However, we receive economic benefits through our participation in the program that is typically not available to any other independent advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount):

- Receipt of duplicate Client statements and confirmations.
- Research-related products and tools.
- Consulting services.
- Access to a trading desk serving adviser participants.
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts);
- The ability to have advisory fees deducted directly from Client accounts.
- Access to an electronic communications network for Client order entry and account information.
- Access to mutual funds with no transaction fees and certain institutional money Managers.
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third-party vendors.

Custodians may also have paid for business consulting and professional services received by some of our IARs. Some of the products and services made available by Custodians through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at our recommended Custodian. Other services made available by the Custodian are intended to help us manage and further develop our business enterprise. The benefits our Firm or our IARs receive through participation in the program do not depend on the amount of brokerage transactions directed to the Custodian. Due to these arrangements, our Client does not pay more for assets maintained at Schwab. As part of our fiduciary duties to Clients, we always endeavor to put our Client's interests first. Clients should be aware, however, that receiving economic benefits from our Firm or our IARs in and of itself creates a conflict of interest because the cost of these services would otherwise be borne directly by us. These arrangements could indirectly influence our choice of Custodian for custody and brokerage services. Clients should consider these conflicts of interest when selecting a Custodian. The products and services provided by the Custodian, how they benefit us, and the related conflicts of interest are described above.

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## OTHER PROFESSIONALS

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Our Firm may refer business to estate planning attorneys, accountants, insurance brokers, and other professionals. However, we do not receive monetary or other material compensation for referring Clients to such professionals. We also do not pay any person or firm commissions or other items of material value when referring Clients to us. 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 can accept or deny such referral or subsequent services.

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## ITEM 15 - CUSTODY

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Regulators have defined custody as having access or control over Client funds or securities. As it applies to our Firm, we do not have physical custody of funds or securities.

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## FEE DEDUCTION

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Our Firm is deemed to have constructive custody over those Client accounts where it can deduct our fees directly from the Client account. If we comply with certain regulatory requirements, this constructive custody does not mandate that our Firm undergo a surprise audit for those accounts. Our Clients receive account statements directly from the qualified Custodian at least quarterly. Our Firm may send Clients quarterly reports that our Firm produces using our portfolio accounting system.

We strongly urge our Clients to compare such reports with the statements received from the qualified Custodian. Furthermore, when our Firm calculates our investment management fees and instructs the Custodian to remit these fees to us directly from Clients' accounts, the Custodian does not verify our calculation of fees. Our Firm performs quarterly testing to ensure that our fees are charged per the Client's Investment Advisory Agreement on file with our Firm.

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## STANDING LETTERS OF AUTHORIZATION ("SLOA")

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Additionally, our Firm is deemed to have custody of the Client's funds or securities when you have standing authorizations with their Custodian to move money from your account to a third-party Standing Letter of Authorization ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the Custodian. The SEC has set forth standards to protect your assets in such situations, which we follow. We do not have a beneficial interest in any of the accounts we are deemed to have Custody of where SLOAs are on file. In addition, account statements reflecting all activity on the account(s) are delivered directly from the qualified Custodian to each Client or the Client's independent representative at least monthly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, contact us, your Advisor, or the qualified Custodian preparing the statement.

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## ITEM 16 - INVESTMENT DISCRETION

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### DISCRETIONARY AUTHORITY

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Upon receiving written authorization from the Client, our Firm provides discretionary investment advisory services for Client accounts. For discretionary accounts, before engaging our Firm to provide investment advisory services, you will enter into a written Investment Advisory Agreement with us granting our Firm the authority to supervise and direct, on an ongoing basis, investments per the Client's investment objective and guidelines. In addition, our Client will need to execute additional documents required by the Custodian to authorize and enable our Firm, in its sole discretion, without prior consultation with or ratification by our Client, to purchase, sell or exchange securities in and for your accounts. We are authorized, at our discretion and without prior consultation with the Client, to (1) buy, sell, exchange, and trade any stocks, bonds, or other securities or assets and (2) determine the amount of securities to be bought or sold and (3) place orders with the Custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the Client.

The limitations on investment and brokerage discretion held by our Firm are:

- For discretionary accounts, we require that we be given the authority to determine which securities and the amounts to be bought or sold.

- Any limitations on this discretionary authority shall be in writing as indicated in the Investment Advisory Agreement. Clients may change or amend these limitations as required.

## ITEM 17 - VOTING CLIENT SECURITIES

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### PROXY VOTING

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Our Firm cannot vote for Client securities. Clients will receive proxies or other solicitations directly from the Custodian or a transfer agent. Clients are responsible for obtaining and voting proxies for all securities maintained in their portfolios. We may provide advice to you regarding your voting of proxies. Clients can contact our Firm with any questions or concerns about a particular solicitation.

### CLASS ACTION LAWSUITS

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Our Firm does not advise or instruct Clients on whether to participate as a member of class action lawsuits and will not automatically file claims on the Client's behalf. However, if a Client notifies us that they wish to participate in a class action, we will provide the Client with transaction information about the Client's account that is required to file a proof of claim in a class action.

## ITEM 18 - FINANCIAL INFORMATION

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### FINANCIAL CONDITION

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Our Firm has no financial commitment that impairs its ability to meet Client contractual and fiduciary obligations and has not been the subject of a bankruptcy proceeding. We do not require or solicit prepayment of more than \$1200 in fees per Client six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year.

## ADDITIONAL INFORMATION

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### PRIVACY POLICY

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Our Firm collects non-public personal information about Clients from information received on applications or other forms and information about Client transactions with firm affiliates, others, or our Firm. We do not disclose any nonpublic personal information about current or former Clients except as permitted by law or to provide services. Firm employees have limited access to Clients' data based on their responsibilities to provide products or services to Clients.

Our Firm maintains physical, electronic, and procedural safeguards in compliance with federal standards to protect Client information. If the IAR servicing a Client account leaves our Firm to join another firm, the IAR is not permitted to retain copies of specific Client information.

A copy of our Firm's Privacy Policy is given to each Client at account opening, upon request, and provided annually.

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## BUSINESS CONTINUITY PLAN

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Our Firm has developed a Business Continuity Plan to address how our Firm will respond to events that significantly disrupt the operation of our business. Since the timing and impact of disasters and disruptions are unpredictable, our Firm will be flexible in responding to current events as they occur.

Within 24 hours after a significant business disruption, our Firm plans to quickly recover and resume business operations and respond by safeguarding employees and property, making a financial and operational assessment, protecting our Firm's books and records, and allowing Clients to transact business. Given the scope and severity of the significant business disruption, our business continuity plan is designed to permit our Firm to resume operations as quickly as possible.

Our Firm's business continuity plan addresses: data back-up and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank, and counter-party impact; regulatory reporting; and assuring Clients' prompt access to their funds and securities if our Firm is unable to continue as a business.

Our Firm backs up essential records in a geographically separate area. At the same time, every emergency poses unique problems based on external factors, such as the time of day and the severity of the disruption. Its objective is to restore operations and be able to complete existing transactions and accept new transactions and payments within four hours of the disruptive event. Client orders and requests for funds and securities could be delayed during this period.

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## CONTACTING US

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If a Client cannot contact our Firm via (303) 576-6013 after a significant business disruption, please visit the website at [www.pwa-co.com](http://www.pwa-co.com) to review updated contact information.

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## VARYING DISRUPTIONS

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Significant business disruptions can vary in scope, such as disruption that affects only our Firm, a single building housing our Firm, the business district where our Firm is located, the city where our Firm is located, or the whole region. Within each area, the disruption's severity can also vary from minimal to severe. In a disruption to only our Firm or a building housing our Firm, our Firm will transfer operations to a local site when needed and expect to recover and resume business within 24 hours.

In a disruption affecting our Firm's business district, city, or region, our Firm will transfer operations to a site outside the affected area and recover and resume business within three (3) days. In either situation, our Firm plans to continue the business, transfer operations to its clearing firm if necessary, and provide Clients with instructions on contacting our Firm through its parent company's website: [www.pwa-co.com](http://www.pwa-co.com). If the significant business disruption is so severe that it prevents our Firm from remaining in business, our Firm will ensure the Client's prompt access to their funds and securities.

This information is provided solely to Clients of our Firm, and no further distribution or disclosure is permitted without the prior written consent of our Firm. No person other than our Firm Clients can rely on any statement herein. Our Firm's Business Continuity Plan is reviewed and updated regularly and is subject to change.

Please visit the website at [www.pwa-co.com](http://www.pwa-co.com) for the most current copy of this disclosure. You can request an updated copy by contacting our Firm at (970) 576-6013 or writing our Firm at the following:

**Perspective Wealth Advisors, LLC**

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