

**Creative Financial Designs, Inc.**

Form ADV Part 2A  
Disclosure Brochure

March 25, 2024

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**This brochure provides information about the qualifications and business practices of Creative Financial Designs, Inc. If you have any questions about the contents of this brochure, please contact us at 765.453.9600 and/or [www.creativefinancialdesigns.com](http://www.creativefinancialdesigns.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Creative Financial Designs, Inc. is a Registered Investment Adviser. Registration of an investment adviser does not imply any level of skill or training.**

**Additional information about Creative Financial Designs, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). (CRD# 109032/SEC#: 801-60153)**

## **ITEM 2: MATERIAL CHANGES**

The Material Changes section of this Brochure will be updated annually, or as information herein becomes materially inaccurate. The following information consists of the material changes made by the firm since its last updating amendment, which was dated March 28, 2023.

- Addition of the Biblical Faith Values Tax-Wise Strategy.
- Removal of all references to TD Ameritrade, which was made necessary because of the conversion of TD Ameritrade accounts to Charles Schwab & Co., Inc. As a result, policies were amended regarding order of trading.
- Termination of the Alternative Investment Rider.
- Introduction of the Optional Cash Allocation feature.
- Expanded non-discretionary advisory services to include direct-way investments.
- Clarify policies regarding co-advisory relationships.

Clients may find a current copy of this ADV disclosure at [www.creativefinancialdesigns.com](http://www.creativefinancialdesigns.com). Clients may also request a complete copy of our ADV Brochure and supplements by reaching out to the firm by phone (765-453-9600) or by email ([managedaccounts@creativefinancialdesigns.com](mailto:managedaccounts@creativefinancialdesigns.com)). The firm will provide you with a new brochure at any time without charge.

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## **ITEM 4: ADVISORY BUSINESS**

### **Firm Description**

Creative Financial Designs, Inc. (hereinafter, “the firm” or “Creative”) is a corporation formed according to the laws of the State of Indiana and an investment advisor firm registered with the SEC in 1982. The firm provides a variety of services through its investment adviser representatives. Creative is a privately owned SEC-registered investment advisor.

### **Ownership**

Creative is privately owned by several parties, including Brent Owens, who owns approximately twenty-five percent, and the Mick Owens Family Trust, which owns approximately Seventy-three percent. Brent Owens is also the President of the firm and who also serves as an Investment Adviser Representative of Creative. The current trustees of the Mick Owens Family Trust are Mick Owens and Kathy Owens. Mick Owens is the founder of Creative and serves as an Investment Adviser Representative of Creative.

The Mick Owens Family Trust and Brent Owens, are also significant stockholders of a related company, cfd Investments, Inc., an SEC-registered broker/dealer and member of FINRA and SIPC, and an insurance agency. (See Item 10: Other Financial Industry Activities and Affiliations).

Mick Owens is also the principal owner of several other companies founded to complement the comprehensive financial planning and investment management services of Creative. Those companies include cfd Realty [owned by Mick’s wife, Kathy Owens], and cfd Insurance Planners [a life and health insurance agency].

### **Amount of Assets Managed By Creative Creative**

As of the fiscal year ending December 31, 2023, the amount of client assets the firm managed totaled \$2,082,130,981. Of that total, \$2,076,330,711 was managed on a discretionary basis and \$5,800,270 was on a non-discretionary basis.

### **Investment Advisory Services Provided**

Creative offers discretionary management and non-discretionary investment and insurance advisory services and financial planning and consulting services.

### **Investment Managed & Advisory Account Services**

The firm’s investment management & advisory services are comprised of three distinct service platforms: Brokerage Management, Self-Directed Retirement Management, and Variable Annuity Management. Brokerage Management is also

divided into In-House Brokerage Management and Adviser Discretionary Management. The firm also provides non-discretionary investment advisory services.

When Creative provides investment advice to clients regarding retirement plan accounts or individual retirement accounts, and only under such circumstances, Creative is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way Creative makes money creates some conflicts with your interests, however Creative complies with applicable legal and regulatory requirements.

Under these requirements, Creative must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that Creative gives advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you information about conflicts of interest.

## **Brokerage Management**

### **Descriptions and Account Minimums**

Under the In-House Brokerage Management platform, the firm manages a client's brokerage account according to the client's selections of the investment strategy and any allowable portfolio objective. The client will provide information to the firm, including a client's selected portfolio objective. - Each available investment strategy is unique, and can be invested using securities such as; common and/or preferred stocks, bonds, government securities, other fixed income securities, mutual funds, exchange-traded funds, options on any of the foregoing, certificates of deposit and money market funds or other cash-like investments. This is not intended as an exhaustive list of all of the types of investments that could be used for portfolio strategies, and instead is a listing of some of the most commonly used investment types, A more detailed listing of investments is provided in connection with discussion about specific strategies, which are discussed in more detail following.

In connection with certain management strategies, there may be the use of options transactions. Additionally, though the firm does not typically invest based on margin, investors may decide to make distributions utilizing margin instead of liquidating positions in order to free up cash. Though the investor may decide to use margin or options in their accounts, the use of these as part of a strategy does increase risk with the account. Also, use of a margin account would increase costs to the investor. These costs are described in the paperwork provided by the selected custodian, and are not reflected in Designs documentation. Investors are encouraged to evaluate the risks and fees associated with any investment strategy before selecting that strategy.

The firm primarily uses asset-class model allocations based on research with other professional management models such as Morningstar (formerly Ibbotson), JP Morgan, Goldman Sachs, PIMCO, Northern Trust, Vanguard, etc. Creative's models generally fall into five categories based on perceived risk models: Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive, referred to as Portfolio Objectives. Available investments are categorized according to the model guidelines and overall asset allocation is determined taking those categorizations, and investment and portfolio research into effect, in arriving at the respective model portfolio allocations. The Large Cap Growth, Large Cap Value and Global investment strategies are focused on one asset-class and not diversified across asset classes and asset types, while all other asset-class model portfolios are diversified across asset classes and asset types. The client can select from several "investment strategies" with the firm. They are as follows:

- American Funds Focused
  - minimum \$25k account size
- Best in Class
  - minimum \$25k account size
- Biblical Faith Values CFD4
  - minimum \$10k account size
- Biblical Faith Values Combination
  - minimum \$25k account size
- Biblical Faith Values Eventide Focused
  - minimum \$25k account size
- Biblical Faith Values Funds
  - minimum \$25k account size
- Biblical Faith Values Income
  - minimum \$50K account size



- Biblical Faith Values Inspire Focused  
-minimum \$25k account size
- Biblical Faith Values Timothy Focused  
-minimum \$25k account size
- CFD4  
-minimum \$10k account size
- Combination  
-minimum \$25k account size
- Exchange Traded Funds  
-minimum \$25k account size
- Five Tool  
-minimum \$25k account size
- Fundamental Opportunities  
-minimum \$25k account size
- Funds  
-minimum \$25k account size
- Income Strategy  
-minimum \$50k account size
- Progressive Trends  
-minimum \$25k account size
- Tax-Wise  
-minimum \$100k account size

For management that does not utilize multiple portfolio objectives based on Creative's traditional asset allocation models, the following options are available:

- Global  
-minimum \$25k account size
- Large Cap Growth  
-minimum \$25k account size
- Large Cap Value  
-minimum \$25k account size

Creative also provides, from time to time, customized managed account services whereby management & advisory services are provided apart from the strategies described above. These are permitted and approved by Creative's Management Team on a case-by-case or other limited basis.

For all the previously mentioned investment strategies, client accounts must be established with a registered broker/dealer. These services are available through accounts established at cfd Investments, Inc. through National Financial Services, LLC. (hereinafter, "NFS"). These services are also available through accounts established at Charles Schwab & Co., Inc. (hereinafter (Schwab)), or such other broker/dealer as selected by the client and approved by the management of Creative Financial Designs, Inc.

Please note that the charges and fees applied by the broker/dealer relating to account maintenance and services are not generally described herein. Clients are encouraged to review account-opening documentation, statements, and other clearing firm documentation and related information carefully to determine other fees or charges that apply and that are assessed by their broker/dealer and/or associated clearing firms.

To the extent that cfd investments is selected as the client's broker/dealer, cfd Investments, Inc. will receive compensation for services provided, and such compensation shall be distinct from the advisory fees described herein. This compensation can include, without limitation, transaction-based compensation, asset-based compensation, compensation based on other services provided by cfd Investments and/or NFS, revenue share arrangements, and other compensation, including 12b-1 fees. Additionally, NFS provides compensation to cfd Investments, Inc. based on customer's selections to have documents provided to them electronically, instead of through the mail. In conjunction with Creative, cfd Investments, has prepared a Reg Best-Interest Disclosure that identifies material conflicts of interest relating to its practice. The Conflicts of Interest Disclosure is also considered a disclosure of Creative, and is meant to augment and further clarify this Form ADV2a.

With respect to accounts established at NFS, and to the extent that funds can be deposited into cash equivalents, such funds will be deposited through use of the FDIC sweep program or similar type vehicles, subject to a contrary election made by the client. Discussion about the details of that can be found on the firm's website ([www.creativefinancialdesigns.com](http://www.creativefinancialdesigns.com)). cfd Investments will receive compensation for FDIC insured deposits through the program, subject to the terms and conditions of the program. cfd Investments will also receive compensation for money market sweeps. cfd Investments and NFS coordinate to set the interest rate that customers make under the FDIC Insured program, and compensation to cfd Investments is affected by the interest rate selected, so that the compensation to cfd Investments increases if the interest rate to the client is lower. This creates a conflict of interest between Creative and clients. The amount of compensation to

cfid Investments, Inc. differs between the FDIC insured deposits and the money market sweep programs.

Additionally, performance differs between these programs. With respect to all standard (non-custom) strategies, Creative sets as the default option to have cash positions swept into the FDIC insured deposits, subject to availability of the program. This selection is made, as under certain market conditions, money market positions could be valued less than \$1 per share (meaning that a client could lose money on the position) or may be subject to limited liquidity. Though these market circumstances are rare, it is the intention that the cash portion of a portfolio should be guaranteed by FDIC. Investors can opt out of this default option, at their election. Additionally, different custom strategies may not follow this default.

For funds utilized through the FDIC program, neither cfd Investments nor Creative selects the banks that will be utilized. Clients may request that funds be deposited into money market funds instead of the FDIC sweep program.

If a client's managed brokerage account falls below the account minimum, the firm reserves the authority to change the chosen strategy to one that is more conducive to the management of assets at that level, or to discontinue management in its entirety (e.g. client had \$80k in the combination strategy, and then withdrew \$65k from the account. Creative could move the assets to the CFD4 strategy or some other suitable strategy or terminate management on the account). Creative reviews accounts for adherence to the account minimum requirements at the end of each calendar year or as distributions happen, or at such other time as Creative may desire. Upon review, Creative will make strategy changes accordingly. Clients can choose to change their strategies at any time, by providing written notice to Creative, as long as the client's investment in the strategy meets the stated minimums for the strategy selected.

### **Adviser Discretionary Management**

Under the Brokerage Management Platform, approved investment adviser representatives may manage client accounts directly, and may do so based on consultation with the client as to their needs and objectives. Portfolios are managed by the Investment Adviser Representative in accordance with the firm's policies and guidelines, and consistent with the client's selected portfolio objective. The descriptions of strategies and trading in this FORM ADV do not describe each investment adviser representative's individual trading and management style.

### **General Provisions on Account Management**

Unaffiliated custodians hold all client securities with Creative. (By way of clarification, assets maintained in accounts with cfd Investments, Inc., an affiliate of Creative, are maintained at custodians that are not affiliated with Creative or cfd

Investments, Inc.) Securities are held in the client's name, or the name of the applicable custodian or trust, in the case of qualified accounts. Clients can select the custodian that they use for the establishment of an account, subject to limitations imposed by Creative. The choice of custodian will affect what investment options are available to a client, and the costs associated with a particular investment, and the availability of specific investment. As such, model portfolios maintained by Creative differ based on the custodian chosen by the customer.

Product issuers may issue investments in varying share classes that often include differences in internal expenses. Not all products are available through each custodian that Creative utilizes. As a result, the same investment strategies as maintained through different custodians may have different holdings. Creative does not guarantee that the products' lowest-cost share classes will be available through each custodian utilized by Creative. Creative attempts to select for client the lowest-cost available share class when engaging in mutual fund transactions on behalf of the client. When it becomes known that lower cost share classes are available than the product held by the client, the firm engages in a process to convert the selected shares to the lowest-cost share-class available through the applicable custodian. To the extent possible, Creative will attempt to conduct such transactions at no cost to the client, and without any taxable event to the client. All conversions are subject to the policies and procedures of the applicable account custodian.

Additionally, different custodians have different policies and procedures, and they may affect many items relating to the customer including, without limitation: transaction fees, custodial fees, and other fees and expenses. Additionally, such differences may also affect availability of investments and lowest share class options. Clients are encouraged to discuss this matter with their financial professional so as to understand these differences when selecting a custodian.

There are costs that are paid by investors in connection with their selection of a custodian, and those costs vary between and among custodians. Services also differ between and among custodians. Clients are responsible for all fees and expenses charged by the custodian regarding their investment holdings. For a list of fees and expenses, refer to information created by the respective custodians.

Clients may request to place reasonable restrictions on certain aspects of the management of their accounts. For instance, clients may elect to retain certain securities in their managed account and not have those assets be subject to sale in the course of Creative's management of the account. Clients may also elect, in some circumstances, to have capital gains "distributed" to be taken over a specified period of time. Creative charges its management fee inclusive of such assets because of the additional work and considerations that must be afforded in accommodating such client-imposed restrictions. The client can move any of the said assets to another non-managed account if desired to avoid additional fees.

Creative may, at times, allow additional special requests of the client regarding the management of the client's account.

Creative has several investment strategies whose titles include the word 'Focused'. The term 'Focused' is used to let investors know such strategies will be using the listed investment company's investments more than in the strategy options not identified as "Focused". The actual holding in funds of the particular fund family will vary, and the concentration level of the focused fund family will fluctuate over time. It is the goal that at all times the Focused strategy will maintain a higher concentration of the subject issuer's products than the corresponding non-focused strategies. Because of a concentration within one company's investments, this decreases diversification and additional risk may occur including additional investment overlap.

### **American Funds Focused -- Description**

The American Funds Focused investment strategy is a diversified strategy focusing on the use of American Funds investments as the base of the diversified portfolio. The strategy uses American Funds mutual funds and ETFs along with other mutual funds and ETFs to fill in the completed allocation helping fully diversify and add additional asset classes that American Funds may lack or that the management team feels is better to use in place of an American Funds investments. The screening process generally consists of in-depth analysis to identify a fund's risk characteristics, performance metrics, and management quality. These groups of data are gathered utilizing industry standard software tools as well as through needed communication with the fund's managers. The funds selected are typically those that perform at the top of their category in terms of the analytical metrics Creative examines. In a given portfolio, approximately 10 to 15 mutual funds and ETF's are employed to achieve the strategy's objectives. The actual number varies by portfolio objective and is based on asset class exposure. This strategy likely has additional investment risk with the higher concentration in one fund family. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

### **Best in Class – Description**

The Best in Class investment strategy is a diversified strategy focusing on the use of ETFs and likely few mutual funds and individual stocks. The strategy uses US News investment research along with others to help determine the best investment choices for each portfolio. The addition of using a limited number of individual stocks, likely increases the overall portfolio risks. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

The screening process for the Best-in-Class investment strategy focuses on historical ETF performance, very low internal investment cost, and a goal of overall lower portfolio risk and volatility. This information, along with an analysis of the overall economic health to determine appropriate portfolio objective risk, filtered through independent investment research companies of U.S. News and Morningstar, Inc. U.S. News and Morningstar updates the investment information monthly and the strategy compares investments on a monthly basis and makes changes as necessary. The strategy looks to have 10-15 investments inside each portfolio objective. The actual number of holdings varies by portfolio objective and overall current investment strategy goals.

The Best in Class strategy monitors non-qualified account trading differently than qualified accounts. The team analyzes trading more extensively in non-qualified accounts to potentially reduce taxable gains. This means that qualified accounts and non-qualified accounts may have different allocations and trading. Also, for smaller accounts (under \$25,000) in Best in Class strategy, different holdings may be utilized and thus the allocations within larger accounts and smaller accounts may differ.

#### **Biblical Faith Values – CFD4 – Description**

The Biblical Faith Values CFD4 strategy is part of the Biblical Faith Values series of investment strategies for the firm. The Biblical Faith Values series of available strategies is a Biblical Responsible Investing (BRI) strategy. Under this strategy, Creative utilizes certain, independent third-party asset screening programs and communicates with fund companies in order to limit investments in companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. The firm generally endeavors to exclude investments in companies that engage in or participate in or support industries or lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered averse to Biblical standards.

The screening process generally consists of the initial Biblically based moral values screen, followed by in-depth analysis to identify a fund's risk characteristics, performance metrics, and management quality. These groups of data are gathered utilizing industry-standard software tools as well as through needed communication with the funds' managers. The funds selected are typically those that perform at the top of their category in terms of the analytical metrics Creative examines. In a given portfolio, approximately 4 to 7 BRI mutual funds and ETF's may be employed to achieve the strategy's objectives. The actual number varies by portfolio objective and is based on asset class exposure. As BRI, by its nature, restricts certain investment options, it is considered a less diversified strategy. There may be more risk and fees associated with the BRI strategy than a more-

diversified strategy. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy.

Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. Also, the avoidance of some industries, lifestyles, companies, etc. are subjective. The firm does not make any claim that the investments in the model will fully exclude any and all companies that could be excluded based on the criteria above, however, this strategy attempts to substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

The Biblical Faith Values CFD4 investment strategy attempts to invest in accordance with the Biblical Faith Values limitations described prior, and to create a likely simpler diversified portfolio based on mutual fund & ETF positions. This strategy likely uses up to four asset classes (may be less or more given the portfolio objective selected) and holding perhaps as few as four investments, however, the firm's Management reserves the right to increase and decrease each, as it sees fit. Additional portfolio risk in this strategy occurs with less diversification and investments and this strategy can be more volatile than other further diversified strategies. Given the more limited holdings, there may be less diversification in this portfolio than in some more standard diversified portfolios, and that could add risk to the portfolio. Certain ETFs have additional market risks in that they are not always highly traded and thus have less volume daily. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are loosely modeled after Creative Financial Designs' overall diversified asset class models.

As BRI, by its nature, restricts certain investment options, it is considered a less diversified strategy. There may be more risk and fees associated with the BRI strategy than a more-diversified strategy. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy. Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

### **Biblical Faith Values – Combination -- Description**

The Biblical Faith Values Combination strategy is part of the Biblical Faith Values series of investment strategies for the firm. The Biblical Faith Values series of

available strategies is a BRI strategy. Under this strategy, Creative utilizes certain software and independent third party asset screening programs and communicates with fund companies in order to limit investments in companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. The firm generally endeavors to exclude investment companies that engage in or participate in or support industries or lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered averse to Biblical standards.

The screening process generally consists of the initial Biblically based moral values screen, followed by in-depth analysis to identify an investment's risk characteristics, performance metrics, management quality (mutual funds/ETFs), and fundamental attributes (stocks). These groups of data are gathered utilizing industry-standard software tools as well as through needed communication with the funds' and the companies' management. The investment management team seeks to optimize the risk/return profile of the portfolio and maximize the benefits of diversification by selecting categorically top-ranked funds and high-quality stocks. In a given portfolio, approximately 10 to 15 mutual funds/ETFs and 3 to 6 stocks are employed to achieve the strategy's objective. The actual numbers vary by portfolio objective and are based on asset class exposure. As BRI, by its nature, restricts certain investment options, it is considered a less diversified strategy. There may be more risk and fees associated with the BRI strategy than a more-diversified strategy. Certain ETFs have additional market risks in that they are not always highly traded and thus have less volume daily. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy.

Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. Also, the avoidance of some industries, lifestyles, companies, etc. are subjective. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

The Biblical Faith Values Combination investment strategy attempts to invest in accordance with the Biblical Faith Values limitations described prior, and to create a diversified portfolio based on a combination of mutual funds, ETFs, and individual equity positions. The investments selected are typically those that perform at the top of their category in terms of analytical metrics the firm examines. From time to time, not all of these categories will be reflected in the portfolio. The firm's management reserves the right to use or not use at any given time the three prior mentioned investment vehicles. The addition of using a limited number of individual stocks, likely increases the overall portfolio risks. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative,



Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

As BRI, by its nature, restricts certain investment options, it is considered a less diversified strategy. There may be more risk and fees associated with the BRI strategy than a more-diversified strategy. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy. Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

### **Biblical Faith Values – Eventide Focused -- Description**

The Biblical Faith Valued Eventide Focused strategy is part of the Biblical Faith Values series of investment strategies for the firm. The Biblical Faith Values series of available strategies is a BRI strategy. Under this strategy, Creative utilizes certain software and independent third party asset screening programs and communicates with fund companies in order to limit investments in the stock of companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. The firm generally endeavors to exclude investment companies that engage in or participate in or support industries or lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered averse to Biblical standards.

The screening process generally consists of the initial Biblically based moral values screen, followed by in-depth analysis to identify a fund's risk characteristics, performance metrics, and management quality. These groups of data are gathered utilizing industry-standard software tools as well as through needed communication with the funds' managers. The ETF's and funds selected are typically those that perform at the top of their category in terms of the analytical metrics examined. In a given portfolio, up to approximately 15 BRI funds and ETF's are employed to achieve the strategy's objectives. The actual number varies by portfolio objective and is based on asset class exposure.

Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. Also, the avoidance of some industries, lifestyles, companies, etc. are subjective. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above.

Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

The Eventide Focused investment strategy is centered on using the Eventide companies' mutual funds. Eventide has several mutual funds that attempt to filter Biblically. Many of Eventide's equity mutual funds have an increased concentration in the health-care sector and this may increase risk in the portfolio. The Eventide mutual funds will typically be a sizeable portion of the portfolio and Creative's Management Team uses other mutual funds and possibly ETF's also BRI filtered to make up the entire portfolio allocation to maximize diversification. The Eventide Focused investment strategy will have additional market risks in that the BRI ETF's may not always be as highly traded and thus have less volume as other ETF's might have. The investments selected are typically those that perform at the top of their category in terms of analytical metrics the firm examines. This strategy likely has additional investment risk with the higher concentration in one fund family. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

As BRI, by its nature, restricts certain investment options, it is considered a less diversified strategy. There may be more risk and fees associated with the BRI strategy than a more-diversified strategy. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy. Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

### **Biblical Faith Values – Funds – Description**

The Biblical Faith Values Funds strategy is part of the Biblical Faith Values series of investment strategies for the firm. The Biblical Faith Values series of available strategies is a BRI strategy. Under this strategy, Creative utilizes certain software and independent third party asset screening programs and communicates with fund companies in order to limit investments in companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. The firm generally endeavors to exclude investment companies that engage in or participate in or support industries or lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered averse to Biblical standards.

The screening process generally consists of the initial Biblically based moral values screen, followed by in-depth analysis to identify a fund's risk characteristics, performance metrics, and management quality. These groups of data are gathered utilizing industry-standard software tools as well as through needed communication with the funds' managers. The funds selected are typically those that perform at the top of their category in terms of the analytical metrics Creative examines. In a given portfolio, approximately 8 to 15 BRI mutual funds and ETF's may be employed to achieve the strategy's objectives. The actual number varies by portfolio objective and is based on asset class exposure. As BRI, by its nature, restricts certain investment options, it is considered a less diversified strategy. There may be more risk and fees associated with the BRI strategy than a more-diversified strategy. Certain ETFs have additional market risks in that they are not always highly traded and thus have less volume daily. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy.

Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. Also, the avoidance of some industries, lifestyles, companies, etc. are subjective. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

The Biblical Faith Values Funds investment strategy attempts to invest in accordance with the Biblical Faith Values limitations described above, and to create a diversified portfolio based on mutual funds & ETF positions. The investments selected are typically those that perform at the top of their category in terms of analytical metrics the firm examines. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

As BRI, by its nature, restricts certain investment options, it is considered a less diversified strategy. There may be more risk and fees associated with the BRI strategy than a more-diversified strategy. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy. Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

## **Biblical Faith Values – Income Strategy – Description**

The Biblical Faith Values Income strategy is part of the Biblical Faith Values series of investment strategies for the firm. The Biblical Faith Values series of available strategies is a BRI strategy. Under this strategy, Creative utilizes certain software and independent third party asset screening programs and communicates with fund companies in order to limit investments in companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. The firm generally endeavors to exclude investment companies that engage in or participate in or support industries or lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered averse to Biblical standards.

The Biblical Faith Values Income Strategy is designed to provide a diversified income portfolio solution for clients. These portfolios are focused on generating income with the goal of providing relatively stable yield given most market conditions. The selection of the portfolio objective determines the percentage of the portfolio that is in fixed income versus equities.

The Income Strategy uses individual stocks for equity exposure as needed given the portfolio objective and mutual funds, and ETF's, and in rare occasions individual bonds, for fixed income exposure. The fixed income portion of the portfolios structured in such a way when possible to provide regular interest/dividend income, stagger fixed income maturities, take advantage of prevailing market trends, and provide top-tier investments with regard to quality. Bond yield is maximized through security type, purchase methodology, bond issue features, and overall through portfolio structuring and research. For equity exposure, stocks yielding dividends are selected with independent software ValueLine and specifically filters such as: Financial Strength, Safety, and Price Stability ratings, current dividend yield, and historical dividend increases and growth. Likely 8-25 investments are held depending on the portfolio objective.

The equity portion of the portfolios (all but the Conservative portfolio, as it does not include equities) are primarily focused on large cap and giant large cap value/blend stocks. Creative uses Bloomberg, ValueLine, Dorsey Wright, and Morningstar (and possibly other resources) to help search, identify, price, rank and determine the diversified equities to use in any given account. The firm's goal is to find price stability using several key matrices such as and not limited to: financial strength, safety ratings, yield, sectors, price points, dividend stability, etc. The number of equity holdings are limited by the account size. The individual holdings and the number of equities may vary from account to account and are diversified through various sectors. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive).

As BRI, by its nature, restricts certain investment options, it is considered a less diversified strategy. There may be more risk and fees associated with the BRI strategy than a more-diversified strategy. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy. Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

Given the more limited holdings, there may be less diversification in this portfolio than in some more standard diversified portfolios, and that could add risk to the portfolio. If used, holding individual bonds can also lead to additional risk given the economic conditions. Owning fewer asset classes will produce less diversification in a portfolio.

#### **Biblical Faith Values – Inspire Focused -- Description**

The Biblical Faith Values Inspire Focused strategy is part of the Biblical Faith Values series of investment strategies for the firm. The Biblical Faith Values series of available strategies is a BRI strategy. Under this strategy, Creative utilizes certain software and independent third party asset screening programs and communicates with fund companies in order to limit investments in the stock of companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. The firm generally endeavors to exclude investment companies that engage in or participate in or support industries or lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered averse to Biblical standards.

The screening process generally consists of the initial Biblically based moral values screen, followed by in-depth analysis to identify a fund's risk characteristics, performance metrics, and management quality. These groups of data are gathered utilizing industry-standard software tools as well as through needed communication with the funds' managers. The ETF's and funds selected are typically those that perform at the top of their category in terms of the analytical metrics Creative examines. In a given portfolio, approximately 8 to 15 BRI funds and ETF's are employed to achieve the strategy's objectives. The actual number varies by portfolio objective and is based on asset class exposure.

As BRI, by its nature, restricts certain investment options, it is considered a less diversified strategy. There may be more risk and fees associated with the BRI strategy than a more-diversified strategy. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy. Due to a limited pool of available investments in certain management strategies,

governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

The Inspire Focused investment strategy is centered on using the Inspire companies' ETFs. Inspire has several index ETFs (with plans to increase their ETF offerings) that attempt to filter Biblically. The Inspire ETFs will typically be a sizeable portion of the portfolio and Creative's Management Team uses other mutual funds and possibly ETFs also BRI filtered to make up the entire portfolio allocation to maximize diversification. The investments selected are typically those that perform at the top of their category in terms of analytical metrics the firm examines. The Inspire Focused investment strategy will have additional market risks in that the ETFs are not always highly traded and thus have less volume as other ETFs might have. This strategy likely has additional investment risk with the higher concentration in one fund family. This creates additional risk when buying and selling these ETFs in larger amounts. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

As BRI, by its nature, restricts certain investment options, it is considered a less diversified strategy. There may be more risk and fees associated with the BRI strategy than a more-diversified strategy. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy. Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

### **Biblical Faith Values – Tax-Wise Strategy -- Description**

The Biblical Faith Values Tax-Wise strategy is part of the Biblical Faith Values series of investment strategies for the firm. The Biblical Faith Values series of available strategies is a BRI strategy. Under this strategy, Creative utilizes certain software and independent third party asset screening programs and communicates with fund companies in order to limit investments in the stock of companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. The firm generally endeavors to exclude investment companies that engage in or participate in or support industries or lifestyles relating to gambling, tobacco,

alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered averse to Biblical standards.

The screening process generally consists of the initial Biblically based moral values screen, followed by in-depth analysis to identify a fund's risk characteristics, performance metrics, and management quality. These groups of data are gathered utilizing industry-standard software tools as well as through needed communication with the funds' managers. The ETF's and funds selected are typically those that perform at the top of their category in terms of the analytical metrics Creative examines. In a given portfolio, approximately 15 BRI funds and ETF's are employed to achieve the strategy's objectives. The actual number varies by portfolio objective and is based on asset class exposure.

The Biblical Faith Values Tax-Wise Investment Strategy is available for non-qualified brokerage accounts and primarily uses ETFs and municipal mutual funds available through custodians, though the firm may also choose to use other investments to build the diversified portfolios. Muni mutual funds and ETF's are usually used for fixed income areas and ETF's for the equity for the available portfolios. The screening process generally consists of analyzing the tax implications of a fund in addition to an in-depth analysis to identify its risk characteristics, performance metrics, and management quality. These groups of data are gathered utilizing industry-standard software tools as well as through needed communication with the fund's managers. The funds selected are typically those that perform at the top of their category in terms of the analytical metrics Creative examines. In a given portfolio, approximately 10 - 15 ETFs and mutual funds are employed to achieve the strategy's objective.

The goal for the strategy is to reduce the amount of taxable income, dividends, and capital gains for the account. Using ETFs helps Creative use investments that historically allow clients to keep more and reduce the potential amount of capital gains passed through to accounts. Given the more limited holdings, there may be less diversification in this portfolio than in some more standard diversified portfolios, and that could add risk to the portfolio. Investors are encouraged to consider this potentially higher level of risk when selecting the strategy. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models. Holdings will likely vary from account to account due to client's capital gains concerns.

As BRI, by its nature, restricts certain investment options, it is considered a less diversified strategy. There may be more risk and fees associated with the BRI strategy than a more-diversified strategy. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy. Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments

that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

### **Biblical Faith Values – Timothy Focused -- Description**

The Biblical Faith Values Timothy Focused strategy is part of the Biblical Faith Values series of investment strategies for the firm. The Biblical Faith Values series of available strategies is a BRI strategy. Under this strategy, Creative utilizes certain software and independent third party asset screening programs and communicates with fund companies in order to limit investments in the stock of companies that engage in certain industries or support certain activities or lifestyles, or otherwise contribute to or endorse such industries or activities. The firm generally endeavors to exclude investment companies that engage in or participate in or support industries or lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered averse to Biblical standards.

The screening process generally consists of the initial Biblically based moral values screen, followed by in-depth analysis to identify a fund's risk characteristics, performance metrics, and management quality. These groups of data are gathered utilizing industry-standard software tools as well as through needed communication with the funds' managers. The ETF's and funds selected are typically those that perform at the top of their category in terms of the analytical metrics Creative examines. In a given portfolio, approximately 8 to 15 BRI funds and ETF's are employed to achieve the strategy's objectives. The actual number varies by portfolio objective and is based on asset class exposure.

As BRI, by its nature, restricts certain investment options, it is considered a less diversified strategy. There may be more risk and fees associated with the BRI strategy than a more-diversified strategy. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy. Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. Also, the avoidance of some industries, lifestyles, companies, etc. are subjective. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

The Timothy Focused investment strategy is centered on using the Timothy Plan Mutual Funds and ETFs. The portfolios in this strategy will likely include a larger amount of Timothy investments along with other ETFs and/or mutual funds also



BRI filtered to make up the entire portfolio allocation to help further diversify portfolios. The investments selected are typically those that perform at the top of their category in terms of analytical metrics the firm examines. Timothy investments, especially the ETFs, will have additional market risks in that the ETFs are not always highly traded and thus have less volume as other ETFs might have. This creates additional risk when buying and selling these ETFs in larger amounts. This strategy likely has additional investment risk with the higher concentration in one fund family. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

As BRI, by its nature, restricts certain investment options, it is considered a less diversified strategy. There may be more risk and fees associated with the BRI strategy than a more-diversified strategy. Investors are encouraged to consider this potentially higher level of risk and fees when selecting the strategy. Due to a limited pool of available investments in certain management strategies, governance requirements, etc., it is not always possible to exclude all investments that might violate some of the standards that are described in the prior paragraph. The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this strategy should substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

#### **CFD4 -- Description**

The CFD4 brokerage investment strategy uses mutual funds and ETFs likely using as few or fewer than four asset classes (may be less or more given the portfolio objective selected) and holding perhaps as few as four investments. Creative's Management reserves the right to increase and decrease each however. Additional portfolio risk in this strategy occurs with less diversification and investments and this strategy can be more volatile than other further diversified strategies.

The screening process generally consists of in-depth analysis to identify a fund's risk characteristics, performance metrics, overall diversification and management quality. These groups of data are gathered utilizing industry-standard software tools as well as through needed communication with the fund's managers. The funds selected are typically those that perform at the top of their category in terms of the analytical metrics Creative examines. In a given portfolio, approximately 4 to 7 mutual funds and ETF's may be employed to achieve the strategy's objectives. Given the more limited holdings, there may be less diversification in this portfolio than in some more standard diversified portfolios, and that could add risk to the portfolio. Investors are encouraged to consider this potentially higher level of risk when selecting the strategy. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately

Aggressive, and Aggressive) and are loosely modeled after Creative Financial Designs' overall diversified asset class models.

### **Combination -- Description**

The Combination investment strategy focuses on diversification by using a combination of mutual funds, ETFs, and limited individual equities to build the respective investment portfolios. From time to time, not all of these investment types will be reflected in the portfolio. Creative's Management Team selects the investments and investment types from the said categories based on internal research.

The screening process generally consists of in-depth analysis to identify an investment's risk characteristics, performance metrics, management quality (mutual funds/ETFs), and fundamental attributes (stocks). These groups of data are gathered utilizing industry standard software tools as well as through needed communication with the funds' and the companies' management. The investments selected are typically those that perform at the top of their category in terms of analytical metrics the firm examines. The investment management team seeks to optimize the risk/return profile of the portfolio and maximize the benefits of diversification by selecting categorically top-ranked funds and high-quality stocks. In a given portfolio, approximately 10 to 15 mutual funds/ETFs and 3 to 6 stocks are employed to achieve the strategy's objective. The actual numbers vary by portfolio objective and are based on asset class exposure.

The firm's management reserves the right to use or not use at any given time of the three prior mentioned investment vehicles. The addition of using a limited number of individual stocks, likely increases the overall portfolio risks. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

### **Exchange Traded Funds (ETF) – Description**

The ETF investment strategy is focused on using Exchange Traded Funds to allocate a well-diversified portfolio within the given investment portfolios. Creative Investment Team may add mutual funds to complete the allocation and if asset classes are not available or do not meet the Team's research requirements. The screening process generally consists of in-depth analysis to identify a fund's risk characteristics, performance metrics, and management quality. The focus of the ETF strategy is low cost with primarily passive ETF's and well-diversified portfolios. This group of data is gathered utilizing industry standard software tools as well as needed communication with the fund's managers. The investments selected typically are those that perform at the top of their category in terms of our analytical metrics. The actual number of ETFs employed in a given portfolio is approximately

10 to 15 investments. This varies on the level of asset class exposure primarily depending on portfolio objective.

ETFs are normally a passive investment holding with potentially lower than average internal expenses compared to actively traded mutual funds. Passive investments have a tendency to track the indices they are modeled after. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models.

### **Five Tool – Description**

The Five Tool brokerage investment strategy is designed to give clients a rules-based, well-diversified management option while looking to maximize returns given the selected portfolio objective. This strategy likely uses all nine asset-class boxes for portfolio objectives Moderate, Moderate Plus, Moderately Aggressive, Aggressive, and Aggressive Plus. The strategy will likely use fewer asset classes in the Conservative and Moderately Conservative portfolio objectives, however, the goal is to remain well-diversified. The strategy often opportunistically over-weighs investments in tech, health care, or other selected more aggressive sectors in order to bolster potential returns. This increased concentration does increase risk in the portfolio. This strategy uses actively managed mutual funds and potentially ETF's to fill in the allocations of each portfolio objective with defined rules to help filter for each style box, finding the best mutual fund investments available through the applicable custodian.

The screening process for the Five Tool investment strategy is a rules-based standard that focuses on historical performance, lower internal investment cost, and superior historical returns compared to its industry peers. This information, and more, is filtered through independent investment research company Morningstar, Inc. Morningstar updates the investment information monthly and the strategy compares investments on a monthly basis and makes changes as necessary, sometimes just providing a portfolio rebalance. The strategy looks to have 15-20+ active mutual funds and/or ETFs inside each portfolio objective with the typical holding targeting 5%. The actual number of mutual fund and/or ETF holdings varies by portfolio objective and asset class exposure.

The strategy attempts to use such mutual funds and/or ETFs that meet a 10-year track record, initially ranked as a five-star according to Morningstar at the time of purchase, Morningstar analyst rated as a gold, silver, or bronze, is highly ranked compared to its appropriate asset class peers, and is lower trending in its internal investment expense compared to other active mutual funds in the same asset-class. Seven portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderate Plus, Moderately

Aggressive, Aggressive and Aggressive Plus) and allocations are determined by data analysis.

### **Fundamental Opportunities -- Description**

The Fundamental Opportunities investment strategy is focused on using active mutual funds and ETFs, but stocks and other investments (including some non-traditional investments) can also be used. This strategy relies on macro-economic analysis and forecasting to determine a tactical investment approach including which asset classes, sectors, etc. to over and under-weight in the portfolio. The Fundamental Opportunities strategy has significant flexibility to achieve its portfolio objective. Its objective is to provide risk-adjusted returns that are superior to the equivalent risk tolerance index. The process of this strategy is to use the top active managers in every asset class to make each individual security selection. Macro-economic forecasting provides a framework to determine which asset classes to over or under weight in the portfolio. The vetting of each asset class manager consists of both a quantitative and qualitative analysis of their process.

Portfolios are still usually diversified, however do not have to be, given economic data although at times may not be as diversified as other firm strategies. More active trading can also occur in this strategy depending on market and economic data. Taxable accounts are treated differently in that they are likely traded less than qualified accounts, thus attempting to reduce capital gains especially short-term gains. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and allocations are determined by data analysis.

### **Funds -- Description**

The Funds Investment Strategy is focused on using mutual funds & ETFs that are available from the respective custodians to allocate a well-diversified portfolio within the given portfolio objectives. The screening process generally consists of in-depth analysis to identify mutual fund and ETF risk characteristics, performance metrics, and management quality. These groups of data are gathered utilizing industry standard software tools as well as through needed communication with the funds' managers. The funds selected are typically those that perform at the top of their category in terms of the analytical metrics examined. In a given portfolio, approximately 10 to 15 mutual funds and ETF's are employed to achieve the strategy's objectives. The actual number varies by account size, portfolio objective, and is based on asset class exposure.

Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' other diversified asset class models.

## **Global – Description**

The Global investment strategy uses mutual funds available through custodians that focus in the international and global asset categories. The strategy is concentrated in the asset category listed and as a result brings more risk because of such. The strategy is also only available under one portfolio objective and that is 100% equities. The strategy does not diversify with fixed income holdings. The screening process for the Global investment strategy focuses on active mutual funds within the large-cap or mega large-cap global and international asset-classes. The investment management team focuses on future value and growth potential, historical performance, lower internal investment cost, and historical superior returns compared to its industry peers and indices. The team also compares stock holdings inside the eligible mutual funds to examine the portfolio overlap and attempt to limit such overlap. This allows for multiple manager philosophies, strategies, and all within the asset-class strategy. The strategy looks to hold 7-12 active mutual funds in the portfolio and make investment selection changes as it feels necessary. The investments selected are typically those that perform at the top of their category in terms of analytical metrics the firm examines. With the strategy being asset-class limited, volatility would be expected to be higher than a fully diversified portfolio and thus, recommended as a secondary or satellite portfolio to an overall investment portfolio.

Given the more limited holdings, there may be less diversification in this portfolio than in some more standard diversified portfolios, and that could add risk to the portfolio. Investors are encouraged to consider this potentially higher level of risk when selecting the strategy. As a result of the above, the strategy is best fit for clients looking to be aggressive in said asset category or as a secondary investment strategy for the Client's investments.

## **Income Strategy -- Description**

The overall goal of the Income Strategy is to provide a diversified income portfolio solution for clients. These portfolios are focused on generating income with the goal of providing relatively stable yield given most market conditions. The selection of the portfolio objective determines the percentage of the portfolio that is in fixed income versus equities. The firm offers two options within the Income Strategy: Core and Core/Plus. The differences in the two options relates solely to the fixed income portion of the portfolio as described below.

The Income Strategy uses individual stocks for equity exposure as needed given the portfolio objective and individual bonds, mutual funds, and ETF's for fixed income exposure. The fixed income portion of the portfolios structured in such a way when possible to provide regular interest/dividend income, stagger fixed income maturities, take advantage of prevailing market trends, and provide top-tier investments with regard to quality. Bond yield is maximized through security type, purchase methodology, bond issue features, and overall through portfolio structuring and research. For equity exposure, stocks yielding dividends are

selected with independent software ValueLine and specifically filters such as: Financial Strength, Safety, and Price Stability ratings, current dividend yield, and historical dividend increases and growth. Likely 8-25 investments are held depending on the portfolio objective.

In the Core option, the fixed income portion focuses on higher-quality income-based mutual funds and ETFs, however, individual corporate and/or municipal bonds can be utilized to build a portfolio designed to generate income. When individual bonds are used, they are initially rated A or better. Creative's Management Team looks for higher credit quality bonds while also focusing on durations, maturities, diversification across sectors (and if necessary across multiple states for municipals), and of course yield. The client has the option to select tax-exempt municipal bonds for their account, in order to harvest tax-exempt gains. Individual bond holdings if used will vary from account to account.

In the Core/Plus option, the fixed income portion focuses on income-based mutual funds and ETFs of varying quality, however, individual corporate and/or municipal bonds can be utilized to build a portfolio designed to generate income. When individual bonds are used, they are initially rated BBB+ or better. Bonds are selected on durations, maturities, diversification across sectors (and if necessary across multiple states for municipals), and of course yield. A small amount of cash will also be held and the potential for a small mutual fund holding for small residual amounts of investments. The client has the option to select tax-exempt municipal bonds for their account, in order to harvest tax-exempt gains.

The equity portion of the portfolios (all but the Conservative portfolio, as it does not include equities) are primarily focused on large cap and giant large cap value/blend stocks. Creative uses Bloomberg, ValueLine, Dorsey Wright, and Morningstar (and possibly other resources) to help search, identify, price, rank and determine the diversified equities to use in any given account. The firm's goal is to find price stability using several key matrices such as and not limited to: financial strength, safety ratings, yield, sectors, price points, dividend stability, etc. The number of equity holdings are limited by the account size. The individual holdings and the number of equities may vary from account to account and are diversified through various sectors. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive).

Given the more limited holdings, there may be less diversification in this portfolio than in some more standard diversified portfolios, and that could add risk to the portfolio. If used, holding individual bonds can also lead to additional risk given the economic conditions. Owning fewer asset classes will produce less diversification in a portfolio.

## **Large Cap Growth – Description**

The Large Cap Growth investment strategy uses mutual funds available through custodians that focus on the large cap growth category. The strategy is concentrated in the asset category listed and as a result brings more risk because of such. The strategy is also only available under one portfolio objective and that is 100% equities. The strategy does not diversify with fixed income holdings. The screening process for the Large Cap Growth investment strategy focuses on active mutual funds within the large-cap growth or mega large-cap growth asset-classes. The investment management team focuses on future growth potential, historical performance, lower internal investment cost, and historical superior returns compared to its industry peers and indices. The team also compares stock holdings inside the eligible mutual funds to examine the portfolio overlap and attempt to limit such overlap. This allows for multiple manager philosophies, strategies, and ideas all within the asset-class strategy. The strategy looks to hold 7-12 active mutual funds in the portfolio and make investment selection changes as it feels necessary. The investments selected are typically those that perform at the top of their category in terms of analytical metrics the firm examines. With the strategy being asset-class limited, volatility would be expected to be higher than a fully diversified portfolio and thus, recommended for a secondary or satellite portfolio to an overall investment portfolio.

Given the more limited holdings, there may be less diversification in this portfolio than in some more standard diversified portfolios, and that could add risk to the portfolio. Investors are encouraged to consider this potentially higher level of risk when selecting the strategy. As a result of the above, the strategy is best fit for clients looking to be aggressive in said asset category or as a secondary investment strategy for the client's investments.

## **Large Cap Value – Description**

The Large Cap Value investment strategy uses mutual funds available through custodians that focus on the large cap value category. The strategy is concentrated in the asset category listed and as a result brings more risk because of such. The strategy is also only available under one portfolio objective and that is 100% equities. The screening process for the Large Cap Value investment strategy focuses on active mutual funds within the large-cap value or mega large-cap value asset-classes. The investment management team focuses on future value and growth potential, historical performance, lower internal investment cost, and historical superior returns compared to its industry peers and indices. The team also compares stock holdings inside the eligible mutual funds to examine the portfolio overlap and attempt to limit such overlap. This allows for multiple manager philosophies, strategies, and ideologies all within the single asset-class strategy. The strategy looks to hold 7-12 active mutual funds in the portfolio and make investment selection changes as it feels necessary. The investments selected are typically those that perform at the top of their category in terms of

analytical metrics the firm examines. With the strategy being asset-class limited, volatility would be expected to be higher than a fully diversified portfolio and thus, recommended as a secondary or satellite portfolio to an overall investment portfolio.

Given the more limited holdings, there may be less diversification in this portfolio than in some more standard diversified portfolios, and that could add risk to the portfolio. Investors are encouraged to consider this potentially higher level of risk when selecting the strategy. The strategy does not diversify with fixed income holdings. As a result of the above, the strategy is best fit for clients looking to be aggressive in said asset category or as a secondary investment strategy for the client's investments.

### **Progressive Trends - Description**

The Progressive Trends investment strategy is a diversified portfolio strategy focusing on ETFs, however some mutual funds and other investments (including non-traditional investments) may also be utilized. This strategy operates differently with respect to the more conservative accounts than it does for aggressive and moderately aggressive accounts. With respect to the conservative, moderately conservative and moderate portfolios, the equity portion within the portfolios look to use and potentially overweight investments where the underlying managers seek to use market-timing, buffer, market-neutral, etc. investments. These investments use investment strategies that normally attempt to lessen losses during market volatility or weakening economic conditions. These investments attempt to decrease equity exposure or equity exposure based losses during such determined times by moving to fixed income, cash, cash equivalents, transferring to what may be considered safer stocks, option trading or any mixture of such listed and unlisted strategies. With respect to the moderately aggressive and aggressive portfolios, the strategy attempts to enhance returns by including sector-focused investments in the portfolio. Sector investments look to find sectors attractive given economic, financial, and international conditions, as well as other factors. Fixed income holdings within the portfolios are also determined by market, economic, and global conditions. The use of such investments and investment strategies designed for market timing or sector specific may not always be successful in their attempt to decrease potential losses or volatility, nor guarantee gains, and can actually limit market gains and even increase risk of losses. Also, this investment strategy will not be as diversified as standard diversified firm portfolios. This strategy likely has additional investment risk with the higher concentration in fund families that focus on such type of investment goals, sector specific, and increased internal investment cost. In a given portfolio, approximately 7 to 15 mutual funds and ETF's may be employed to achieve the strategy's objectives. The Progressive Trends investment strategy will have additional market risks in that the ETFs are not always highly traded and thus have less volume as other ETFs might have. This strategy likely has additional investment risk with the higher concentration in one fund family. This creates



additional risk when buying and selling these ETFs in larger amounts. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models, except with respect to the more focused areas as discussed herein.

### **Tax-Wise Strategy -- Description**

The Tax-Wise Investment Strategy is available for non-qualified brokerage accounts and primarily uses ETFs and municipal mutual funds available through custodians, though the firm may also choose to use other investments to build the diversified portfolios. Muni mutual funds and ETF's are usually used for fixed income areas and ETF's for the equity for the available portfolios. The screening process generally consists of analyzing the tax implications of a fund in addition to an in-depth analysis to identify its risk characteristics, performance metrics, and management quality. These groups of data are gathered utilizing industry-standard software tools as well as through needed communication with the fund's managers. The funds selected are typically those that perform at the top of their category in terms of the analytical metrics Creative examines. In a given portfolio, approximately 10 - 15 ETFs and mutual funds are employed to achieve the strategy's objective.

The goal for the strategy is to reduce the amount of taxable income, dividends, and capital gains for the account. Using ETFs helps Creative use investments that historically allow clients to keep more and reduce the potential amount of capital gains passed through to accounts. Given the more limited holdings, there may be less diversification in this portfolio than in some more standard diversified portfolios, and that could add risk to the portfolio. Investors are encouraged to consider this potentially higher level of risk when selecting the strategy. Five portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' overall diversified asset class models. Holdings will likely vary from account to account due to client's capital gains concerns.

### **Optional Cash Allocation (OCA) -- Description**

With respect to all of the strategies described in this section, Creative makes the Optional Cash Allocation (OCA) available to its clients. Under OCA, a client may select an additional portion of their funds (above the parameters in the associated strategy) to be held in money markets or other cash equivalents. This can be added in or removed by the client at any time, and can be used to hedge against a potential market downturn.

Fees will be charged on the cash allocation of the portfolio. Client may move all or part of their account to a non-managed account at any time.

It is the firm's recommendation that the use of this allocation should be for a relatively short-term period, and should reflect client's concerns about market instability over the short term. That said, it is intended as the client's choice, and the firm will not put any specific time limitation on how long a client may hold a portion of their accounts under the OCA option.

### **Allocate Over Time Option -- Description**

With respect to all of the strategies described in this section, Creative makes the Allocate Over Time option available for accounts greater than \$50,000. If selected by the client, Creative will not likely invest all of the client funds into the selected model portfolio immediately. Instead, Creative will allocate the account more slowly, usually over a 4 to 8-month timeframe, with the intention of investing funds during pullbacks and in different months. Of course, pull-backs do not always occur, and it is not always possible or feasible to limit purchases to periods of pull-backs. Under such market conditions, Creative tries to invest based on the 4 to 8 month timeframe. During this transition period, the account may not be invested according to the model portfolio, or selected portfolio objective, and may have fewer and less-diversified holdings than would be normally the case in the same portfolio. This does not guarantee a profit and could actually be detrimental to the portfolio growth especially over the short-term. The Allocate Over Time option is available for accounts valued at \$50,000 or more.

### **Self-Directed Retirement Management Platform -- Description**

The firm's models generally fall into five portfolio objectives based on perceived risk: Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive. Available plan investments are categorized according to the Model guidelines, and overall asset allocation is determined taking those categorizations into effect in arriving at the model portfolio allocations. In the Self-Directed Retirement Management platform, Creative's investment management staff manages the assets held in clients' 401k, 403b, 457, or other company retirement plan assets for the individual employee. The Creative Team attempts to build diversified portfolios within the client's available investment options that can be restrictive in types of investments available. Creative likely has no control over the available individual investment choices within the plan options and will be limited to such limited options when building a client's portfolio.

The firm has developed asset class based model allocations based on research from other professional management models such as Morningstar (formerly Ibbotson), JP Morgan, Goldman Sachs, , Northern Trust, etc.

The Self-Directed Retirement Management Strategy attempts to analyze clients' available investment plan options on a quarterly basis and to perhaps reallocate or rebalance quarterly (or as it sees necessary). Creative uses portfolio

management system to review for misallocations or changes needed for an account.

### **Variable Annuity Management Platform -- Description**

The firm's models generally fall into five portfolio objectives based on perceived risk: Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive. Available investments are categorized according to the model guidelines and overall asset allocation is determined taking those categorizations into effect in arriving at the model portfolio allocations. Under the Variable Annuity Management platform, Creative's Management staff will actively manage within the underlying subaccount options of the clients' variable annuity contracts/products. The service is not available with respect to all issuers' variable annuities. Creative likely has no control over the individual investment available within a given variable annuity contract. Portfolios will be built based on the available options and will be limited as a result of the available investment options.

Creative manages the investments to build diversified portfolios within a client's variable contract. Creative has no part in the selection of the product, riders, etc. The firm has developed asset class based model allocations based on research from other professional management models such as Morningstar (formerly Ibbotson), JP Morgan, Goldman Sachs, Blackrock, Northern Trust, etc.

Creative takes precautions designed to prevent the benefits of an annuity contract (e.g. income benefits, withdrawal benefits, etc.) from being negatively impacted by the management of the contracts, however, it is up to the client to determine what effects, if any, will apply to a contract based on the management of the contract/product.

Creative can perform management services for a variety of variable annuity contracts, including variable annuity contracts that are commissionable. If a commissionable variable annuity contract that is otherwise available for management under this program has paid a commission to cfd Investments, Inc. and/or the investment adviser representative associated with the proposed account, Creative will not provide investment management services with respect to the variable annuity contract within two years of the inception date of the applicable contract.

### **Biblical Faith Values Strategy – Variable Annuity -- Description**

The Biblical Faith Values Variable Annuity strategy is part of the Biblical Faith Values series of investment strategies for the firm. The Biblical Faith Values series of available strategies is a Biblical Responsible Investing (BRI) strategy. Under this strategy, Creative utilizes software and asset screening programs of unaffiliated third parties in order to limit investment in the stock of companies that engage in certain industries or support certain activities or lifestyles, or otherwise

contribute to or endorse such industries or activities. The firm generally endeavors to exclude investment companies that engage in or participate in or support industries or lifestyles relating to gambling, tobacco, alcohol, pornography, abortion, non-family lifestyles and other factors traditionally considered contrary to Biblical standards.

Due to a lack of investments in certain management strategies, it is likely not possible to exclude all investments that violate some of the standards that are described above. Also, the avoidance of some industries, lifestyles, companies, etc. are subjective. Additionally, Variable Annuities have limited sub-accounts, and those sub-accounts can change from time-to-time. These limitations can restrict application of this strategy, and this strategy cannot be effectively carried out for any Variable Annuity that does not have a sufficiently diversified selection of sub-accounts that meet the selection criteria. Due to these limitations, this strategy is only available within the Nationwide Monumental Advisor Variable Annuity or upon approval from the Creative Management Team for other such products as the firm selects. Five investment portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' other diversified asset class models.

The firm does not make any claim that the investments in the model will fully exclude any companies that could be excluded based on the criteria above. Instead, this Strategy will attempt to substantially reflect Biblical Values, and will otherwise attempt to follow the models established by Creative Financial Designs.

### **Hybrid Strategy -- Description**

Available in only the Jackson National Life Elite variable annuity, unless approved by Creative's Management Team to use with other products, the Hybrid variable annuity investment strategy looks to build a diversified portfolio using both alternative type and historical available asset class subaccounts. Five investment portfolio objectives are available for the client to choose from (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) and are modeled after Creative Financial Designs' other diversified asset class models. Depending on the product and the portfolio objective chosen, Creative's Management Team determines the amount of each investment type to use, however, focusing on reducing investment portfolio volatility. The goal of the strategy is to reduce the overall portfolio risk using alternative investments along with traditional investments; however, there is no guarantee that this objective will be achieved.

### **Non-Discretionary Advisory Services -- Description**

Creative provides non-discretionary advisory services to its clients whereby clients may have variable annuity, insurance contract, brokerage or other such account.

Such non-discretionary investment advice is provided for a fee charged to the client or contract/account. There are different methods used for the billing of fees, and these differences are dependent upon the issuer of the underlying product. Certain product issuers will collect fees in accordance with their policies and procedures, which may mean that they are billed in arrears, and not in advance, or may be billed other than quarterly, or may relate to average daily balance, or the value at the end of the quarter, etc. These methods are based on the policies and procedures of the underlying product issuer. To the extent that Creative is billing for the fees, fees are billed based on end of the calendar quarter values and in advance. In certain instances, fees may be charged to the contract/account, to the client directly, through another managed account if allowed, via a bank or credit card all at the client's option. Charging fees to a contract may negatively affect certain benefits/riders of a given contract, and it is up to the client to determine what effects, if any, the payment method selected by the client will affect the contract/product. As this is a non-discretionary advisory service, all transactions are directed by the client.

### **Conditions for Managing Accounts**

Creative may make exceptions to the minimum account size requirements in some instances. Those exceptions may be made for a variety of client-specific reasons, which may include, but are not limited to such situations as a client having multiple managed accounts with the firm, an anticipation of the client adding additional assets at a future point in time, or such other circumstances as the firm may deem applicable.

For the managed Self-Directed and Variable Annuity investment management programs, the investment options are limited based on factors beyond the control of Creative Financial Designs, and the management of those accounts is strictly limited to the investment options available under the products being managed.

The fees charged by Creative for the Account is in addition to the fees charged by the underlying investments, product fees, account fees, any custodial fees, etc. To the extent that a client intends to restrict Creative from selling particular investments for an extended period of time, regardless of whether the asset is deposited into the account or purchased into the account, it may be more economical for the client to hold the investment in a non-managed account. Clients are advised that holding such restricted assets in the Account will result in an obligation to pay management fees, transaction fees and custodial fees, as applicable.

In addition, no fee adjustments are made during any calendar quarter for appreciation or depreciation in the value of the Account. Additional fees may, however, be assessed if cumulative deposits during a quarter equals or exceeds 10% of account value, and, a refund of fees will occur if a withdrawal equals or exceeds 10% of account value. Clients are advised that they may be able to

purchase similar services separately from other service providers and the cost of such services may be more or less than the program fee charged by Creative.

## **Financial Planning Services**

Creative offers financial planning and consulting services. Creative provides Comprehensive Financial Planning services and Modular Financial Planning services.

Comprehensive Financial Planning includes in-depth fact-finding interviews that are conducted and clients may elect to receive advice and/or services on a variety of topics other than securities (e.g. budget analysis, etc.). The purpose of this approach is to address a client's entire financial picture, rather than just one or a few select items.

Clients desiring a less comprehensive financial plan can choose to have a "Mini" or "Modular" Plan created for them. It may consist of one or more of the following services: Estate Analysis, Medicaid Planning, Government Benefit Planning, Business Financial Plan, Investment Analysis, Tax Analysis, Income Funding Analysis, Insurance Analysis, Education Funding Analysis, Retirement Analysis, Accumulation Funding Analysis, Budget Construction/Analysis, Credit Negotiation, and Special Project Work.

Advisory services can also be provided on an Ad-hoc or ongoing basis, and can be paid through an hourly fee, or through a retainer fee arrangement.

Creative may provide advice regarding particular investments and securities, and these may include investments currently owned by the client, or investments that the firm or its Affiliates may have recommended to a client.

The client is under no obligation to effect securities or insurance transactions through Creative's affiliates or related persons if they choose to act on or otherwise implement any recommendations made in either a Comprehensive Financial Plan or other Modular Plan.

## **ITEM 5: FEES AND COMPENSATION**

Advisory fees are as set forth below with respect to the various programs and services. Fees may be negotiable depending on such factors as, without limitation, special needs or requirements of the client and/or the complexity or simplicity of the work required.

Clients may elect to pay their fees directly to Creative via check and invoice, or may elect to have Creative charge its fees directly to specified managed accounts when possible, to annuity contracts when possible, or to a bank account, credit card or debit card.

Creative does not charge performance-based fees under any advisory program, nor does it share or participate in the gains or losses of client accounts.

The firm shall be paid such compensation for its services, and in such manner, as described below. Until paid, the fees and expenses charged by the firm shall constitute a lien upon the assets of the client's managed account. In the event that additional assets are deposited into a client's managed account during a fee period, the firm may, but is not obligated to charge the client an additional fee in respect of the value of the additional assets, prorated for the number of days remaining in such fee period. In connection with any withdrawal of assets from a client's managed account or upon termination of the client's Investment Management Agreement, the firm retains the right to complete any transactions initiated or open as of the time thereof and to retain amounts in the client's managed account sufficient to effect such completion and to satisfy any amounts owing by such client to the firm under the client's Investment Management Agreement, however and whenever arising. To the extent permitted by law, cfd Investments, Inc., the affiliated broker/dealer of the firm, receives compensation from the client for services provided to the client's managed account, and the discretionary activities of the firm may affect services provided by and compensation paid to its affiliate. Such compensation includes, without limitation, ticket charges, asset-based pricing fees, custodial fees, or other miscellaneous charges, paper delivery fees, including revenue share arrangements between cfd Investments, Inc. and applicable custodians. The firm shall consider options that limit such charges, and shall only engage in transactions that involve such charges when it is deemed by the firm that such transactions are in the best interests of the client, in accordance with the firm's fiduciary duty.

More specifically, Clients pay certain fees and charges that are in addition to firm's fees. Such fees and charges, as applicable, include, but are not necessarily limited to:

- Certain dealer-markups and odd-lot differentials, transfer taxes, exchange fees mandated by the Securities Exchange Act of 1934, and any other charges imposed by law with regard to any transactions in the client's account;
- Management and other fees on open-end and closed-end mutual fund shares and UITs;
- Individual Retirement Accounts (IRA) fees and qualified retirement plan account fees;
- Margin interest;
- Custodial fees such as and not limited to account fees, check reordering costs and fees, and other add-on features with charges;
- Platform-based fees;
- Statement Fee/Paper delivery fee;
- Any contingent deferred sales charge assessed by a product issuer;

- Other product company fees and expenses, including 12b-1 fees, custodial fees, and other expenses.

Further, the annual management fee charged by the firm for the client's account is in addition to the management fees charged by product issuers for certain products, including open-end funds, closed-end funds, ETFs, UITs, Variable annuity sub accounts, etc. To the extent that a client directs Creative to purchase particular investments, or restricts Creative from selling particular investments for an extended period of time, it may be more economical for the client to hold the investment in a non-managed account. Additionally, such restrictions may increase the risk profile of the account. Clients are advised that holding such restricted assets in the Account will result in an obligation to pay management fees, transaction fees and custodial fees, as applicable. To the extent that the customer is charged 12b-1 fees by a mutual fund issuer based on funds maintained in the account, Creative shall not receive any compensation with respect to such fees. cfd Investments, Inc., if selected as the broker/dealer associated with the account, shall retain such 12b-1 fees, but only if the custodian cannot return those fees to the client account. Neither Creative nor any of its affiliates receives any 12b-1 compensation if cfd Investments, Inc. is not the broker/dealer associated with the account. To the extent that another broker/dealer is associated with the account, the 12b-1 fee would be paid to that broker/dealer, and if that is the case, Creative would not be able to effect a refund of such fee on behalf of the client. Any such refunds would be subject to the policies and procedures of that broker/dealer.

### **Brokerage Management – Custodial Fee at NFS**

For managed brokerage accounts that are maintained at NFS, there is a custodial fee charged based on all assets in the client's account. The custodial fee is charged are set forth in account-establishing documents, and is subject to a minimum. Fees are calculated and charged monthly using the average daily account balance for all assets in the client's account, and are billed in arrears. This calculation is subject to an \$8 monthly minimum fee.

The custodial fee covers transaction costs, subject to a maximum number of transactions annually from the anniversary date. There will be additional ticket charges or fees that will apply if the maximum number of transactions is exceeded in a 12-month period.

cfd Investments, Inc., an affiliate of firm, will receive a portion of the custodial fee as its compensation related to managed accounts. This compensation is in addition to the advisory fee that is collected and retained by the firm. Additional clearing fees apply to the client's account.



## **Managed Account Services – Fees and Compensation**

### **Brokerage Management – Fees and Charges**

Under its Brokerage Management platform, Creative charges a fee based on the value of all assets at the end of the calendar quarter and in advance. Asset valuation for purposes of billing is based on the data compiled with the portfolio management system, which may vary slightly from the account value as identified by each custodian for the same time period.

Fees on these client accounts generally start at 0.50% of the assets under management, and may increase up to a maximum of 2.00% annually. Please understand that the 2.00% maximum figure described herein is charged by Creative, but other managers that may be selected with respect to your account, through packaged products or otherwise, may also charge fees, and that their fees are in addition to any fee charged by Creative, as described herein. Additionally, custodial fees, transaction fees, and other fees (whether transaction or asset based), whether charged by affiliated or non-affiliated parties, are not considered as part of the 2.00% maximum figure described herein.

All fees are negotiable.

Brokerage Management services are provided for an annualized management fee which is billed quarterly, in advance and is based on the value of the assets on the final day of the quarter. When an account is opened during the quarter, the fee will be prorated for the portion of the calendar quarter for which management services were provided.

Under other custodians, transaction charges and/or other related fees may apply to an account, in addition to the Creative's management fees. Clients have the option, however, to establish the account through cfd Investments, Inc., an affiliated broker/dealer of Creative, and to establish asset-based pricing, which will involve the payment of an asset-based fee that will cover transaction costs up to the applicable number of trades annually by the custodian, statement and mailing costs, and prospectus delivery costs. This option is available through the NFS custodian.

Creative and financial professionals will receive different compensation based on the custodian selected, and perhaps based on the strategy selected by the client. This creates a conflict of interest for Creative and its financial professionals. This is discussed in more detail in the Conflicts of Interest Disclosure.

Although not required, Creative permits clients to select its affiliated broker/dealer, cfd Investments, Inc., to effect securities transactions for their managed accounts. The statement of fees and other charges as described herein is premised on the idea that the client selects cfd Investments, Inc. and may not apply to accounts

held at other broker/dealers or custodians. In those instances, other fees will apply. In addition to transaction-based compensation associated with your account, cfd Investments, Inc. receives compensation from various product issuers and other third parties in connection with its corporate sponsorship program. These arrangements change from time to time, and differ from sponsor to sponsor. These arrangements may include fixed payments, payments based on the amount of business conducted with the firm, payments based on the amount of assets held with a particular product issuer, and/or other arrangements. These payments create a conflict of interest and could provide an incentive to Creative and/or its Financial Professionals to recommend that managed assets be held at cfd Investments, Inc. This conflict of interest is mitigated by the fact that financial professionals do not receive remuneration based on the revenue generated as part of the corporate sponsorship program. A list of corporate sponsors for cfd Investments, Inc. can be found on the cfd Investments.com website ([www.cfdinvestments.com](http://www.cfdinvestments.com)).

In addition to cfd Investments, Inc., Creative uses other broker/dealers including Schwab and other approved custodians; Schwab and other approved custodians are not affiliated with Creative.

The advisory fees charged for the management of accounts maintained at Schwab and other approved custodians are consistent with the advisory fees described herein; however, for other fees and expenses, including account opening and maintenance fees, transaction fees, and other assorted fees, clients are directed to materials produced by Schwab.

### **Self-Directed Retirement Management Platform – Fees**

For managed Self-Directed Retirement managed accounts, fees may be assessed on a monthly basis, in arrears, and determined according to the value of the account being managed. Creative will annually adjust the fee according to changes in the account value.

The standard initial billing rate will be determined by the account value at the time the Management Agreement is initiated and will remain in effect for the remainder of the calendar year in which the account is opened, after which, the new monthly rate may be established, and may increase or decrease based upon the account value at that time. The fee will be reevaluated annually, based on the assets as of December 31 of the previous year.

| <b>Account Size</b>   | <b>Recommended<br/>Monthly Fee Rate</b> |
|-----------------------|---|
| \$0 - \$50,000        | \$25/month                              |
| \$50,000 - \$100,000  | \$50/month                              |
| \$100,000 - \$200,000 | \$75/month                              |
| \$200,000 - \$400,000 | \$100/month                             |

\$400,000+

\$150/month

Although these are the standard fees, all fees are negotiable.

If your account is with a custodian that allows for direct-billing of fees, and you would like to have your fee directly charged to your account, as an alternative to the set monthly fee described above, an asset management fee of up to 1.50% of the assets under management will be charged quarterly, in accordance with the methodologies established by the applicable platform.

### **Variable Annuity Management Platform – Fees**

Under the Variable Annuity Management platform, Creative charges a fee based on the value of the assets in a managed account. Asset valuation for purposes of billing is based on the data compiled with the portfolio management system, which may vary slightly from the account value as identified by each custodian for the same time period. Fees on these accounts generally start at 0.50% of the assets under management and may increase up to a maximum of 1.50% annually. This fee does not include any charges of the issuing insurance company, which could include internal expenses, M&E fees, maintenance fees, or other internal expenses. Creative does not share in any fees charged by the issuing insurance company.

To the extent that the investment adviser representative of Creative also served as the registered representative of cfd investments, and was involved in a sale or ongoing servicing of certain annuity products, both cfd Investments, and the registered representative may receive concessions, trails or other compensation directly from the product issuer. Such payments will not be shared with Creative.

There are different methods used for the billing of fees, and these differences are dependent upon the issuer of the underlying variable annuity. Certain variable annuity issuers will collect Creative's advisory fees in accordance with their policies and procedures. If that is the case, see the product issuer's policies and procedures for the details of the billing methodology.

To the extent that Creative is billing for the fees, the Variable Annuity Management services are provided for an annualized fee that is billed quarterly, in advance and is based on the value of the assets on the final day of the quarter. When an account is opened during the quarter, the fee will be prorated for the portion of the calendar quarter for which management services were provided. The annual rate is fixed when a client opens an account. The rate is identified in the customer's Investment Management Agreement.

In certain instances, fees may be charged to the contract, to the client directly, through another managed account if allowed, via a bank or credit card all at the client's option. Charging fees to a contract may negatively affect certain

benefits/riders of a given contract, and it is up to the client to determine what effects, if any, the payment method selected by the client will affect the contract/product.

All fees are negotiable.

### **Non-Discretionary Advisory Services – Fees**

Under the Non-discretionary Advisory Services platform, Creative charges a fee based on the value of the assets in a client-selected account. Fees on these accounts generally start at 0.50% of the assets under management and may increase up to a maximum of 1.50% annually.

The firm can provide non-discretionary advisory services for direct-way investment and insurance accounts.

There are different methods used for the billing of fees, and these differences are dependent upon the issuer of the underlying direct-way product. Certain product issuers will collect our advisory fees in accordance with their policies and procedures. If that is the case, see the product issuer's policies and procedures for the details of the billing methodology.

To the extent that Creative is billing the advisory fees, the advisory services are provided for an annualized fee that is billed quarterly, in advance and is based on the value of the assets on the final day of the quarter. When an account is opened during the quarter, the fee will be prorated for the portion of the calendar quarter for which management services were provided. The annual rate is fixed when a client opens or modifies an account. The rate is identified in the customer's agreement.

In certain instances, fees may be charged to the contract/account, to the client directly, through another managed account if allowed, via a bank or credit card all at the client's option. For annuities, charging fees to a contract may negatively affect certain benefits/riders of a given contract, and it is up to the client to determine what effects, if any, the payment method selected by the client will affect the contract/product.

All fees are negotiable.

For all direct-way products, the product issuer may charge certain internal expenses to the client. These charges are in addition to any advisory fees charged by Creative. Creative does not share in any fees charged by the issuing direct-way product issuer.

To the extent that the investment adviser representative of Creative also served as the registered representative of cfd investments, and was involved in a sale or ongoing servicing of certain annuity products, both cfd Investments, and the

registered representative may receive concessions, trails or other compensation directly from the product issuer. Such payments will not be shared with Creative.

## **Financial Planning Services – Fees and Compensation**

### **Comprehensive and Modular Financial Planning Services**

Comprehensive Financial Plan fees are based on the client's gross income as reported on their most recent tax return. The total fee is fixed when the client signs the Financial Planning Agreement.

| <b>Previous Year's<br/>Gross Income<br/>Range</b> | <b>Minimum<br/>Down Payment</b> | <b>+ Minimum<br/>Monthly Amount = Fee</b> |
|---|---------------------------------|---|
| Under \$50,000                                    | \$280                           | \$35 \$700-2,000                          |
| \$50,000 but under \$75,000                       | \$380                           | \$35 \$800-3,000                          |
| \$75,000 but under \$100,000                      | \$480                           | \$35 \$900-4,000                          |
| \$100,000 but under \$150,000                     | \$580                           | \$35 \$1,000-5,000                        |
| \$150,000 but under \$250,000                     | \$680                           | \$35 \$1,100-10,000                       |
| \$250,000 and above                               | \$780                           | \$35 \$1,200-20,000                       |

The down payment is due upon submission of the client's data. If there is a balance due, (the contract price less the down payment and the monthly payments is less than the total fee), then the balance is due 30 days after the written report is completed and made available to the client. Clients may elect to pay the total plan fees all at once instead of monthly.

In the event that planning is not completed based on the actions of Designs or its Investment Adviser Representatives, any down payment will be returned to the Client. If the Client cancels the service before completion, or rejects the plan provided by Creative, the down payment is 50% refundable. There will be no interest paid on any refunds under this provision.

Clients desiring a "Mini" or "Modular" Plan, including but not limited to the following services, may pay fees ranging as noted below:

| <b>Service</b>                 | <b>Fee Range</b> |
|--------------------------------|------------------|
| 1. Estate Analysis             | \$600-20,000     |
| 2. Medicaid Planning           | \$200-10,000     |
| 3. Government Benefit Planning | \$200-10,000     |
| 4. Business Financial Plan     | \$600-20,000     |
| 5. Investment Analysis         | \$300-3,000      |
| 6. Tax Analysis*               | \$300-3,000      |
| 7. Income Funding Analysis     | \$150-3,000      |

|     |                               |                     |
|-----|-------------------------------|---------------------|
| 8.  | Insurance Analysis            | \$150-3,000         |
| 9.  | Educational Funding Analysis  | \$150-3,000         |
| 10. | Retirement Analysis           | \$300-3,000         |
| 11. | Accumulation Funding Analysis | \$150-3,000         |
| 12. | Budget Construction/Analysis  | \$300-3,000         |
| 13. | Credit Negotiation            | \$50/hr. + expenses |
| 14. | Special Project Work          | up to \$350/hr.     |

As a rule, with Modular Planning, the entire fee is due upon delivery of the analysis or service and is generally not refundable.

The client is under no obligation to effect securities or insurance transactions through the firm's affiliates or related persons if they choose to act on or otherwise implement any recommendations made in either a Comprehensive Financial Plan or other Modular Plan.

Comprehensive and Modular Plan Fees are negotiable. The same or similar services can be provided through hourly services or through retainer fee arrangements. The use of comprehensive or modular planning service involves more or less payment than other fee arrangements for the same or similar services.

\* With respect to the Tax Analysis identified previously, Creative provides guidance and expectations about the tax consequences of certain investment decisions, but Creative Financial Designs does not provide legal or tax advice, and will work with the attorney or accountant of the client about any tax-related recommendations. Additional costs charged by the client's attorney and/or accountant (or by any other additional outside services provider), is the responsibility of the client.

### **ERISA Accounts**

Creative is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income Security Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, Creative is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation.

To avoid engaging in prohibited transactions, Creative may only charge fees for investment advice about products for which Creative and/or its related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which Creative and/or its related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Creative's advisory fees.

## **Other Fee-Paying Services**

Clients may also be charged for resources received from Creative.

## **Hourly Fee**

Client and Creative may agree to elect for an hourly fee arrangement for stated services for the client. These likely specialty services can be billed up to \$350 per hour. Hourly fees are negotiable. In certain instances, the same or similar services can likely be provided through comprehensive or modular planning services or through retainer fee arrangements. The use of hourly fees for service involves more or less payment than other fee arrangements for the same or similar services.

Hourly fees are paid in arrears, after the service has been provided, and can be charged at various frequencies, including, without limitation, monthly or quarterly.

## **Retainer Fee**

Client and Creative may agree to elect for a retainer fee payment option from \$25 per month up to \$2,500 per month, based on the agreed upon services provided for the client. Retainer fees can be charged monthly or quarterly, and they are charged in arrears. Creative will provide the services for such fee until the client or the firm terminates the relationship.

Retainer fees are negotiable. In certain instances, the same or similar services can be provided through comprehensive or modular planning services or through hourly fee arrangements. The use of retainer fees for service involves more or less payment than other fee arrangements for the same or similar services.

## **Termination Provisions**

Termination of advisory services can be accomplished by written notice from one party to another. Under the Managed Brokerage account and Variable Annuity platforms, Creative will return to client any unearned pre-paid advisory fees upon termination.

With respect to financial planning services, either party upon written notice may terminate the Financial Planning Agreement. If, before the total fee has been paid, the client is not satisfied and the plan cannot be modified, then one-half of the total fee that has been collected will be refunded. If, after payment in full, the client is not satisfied and the plan cannot be modified, then 50% of the total fee will be refunded. Any claim for refund of a financial plan fee must be made within sixty days of delivery of the completed plan to the client.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The firm and your representative do not accept performance-based fees for investment management services.

The firm does not provide side-by-side management of mutual funds and other assets.

## **ITEM 7: TYPES OF CLIENTS**

Creative provides advisory services to retail and institutional investors, individuals, including high net worth individuals and business entities, such as charitable organizations, as well as to employer retirement and pension plans. For account minimums, see the Overview of Advisory Business and look to the particular service.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Categorizations of assets are made using the Morningstar software, when possible. Appropriate adjustments to the overall model portfolios are determined by Creative's Executive Investment Committee and the firm's investment management team, and are based upon assessments and views of then-current or future forecasted market and industry circumstances, in addition to other variables such as economic, demographic and geo-political events.

With respect to financial planning activities, Creative utilizes several professional planning software programs, depending upon the client needs and desired scope of services.

With all investments and investment strategies there is a risk of loss of investment principal, and no guarantees are or can be made that any particular investment, investment plan or strategy will fulfill its objective or prove to be profitable.

### **Education, Business Standards of Persons Giving or Determining Advice**

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. Creative, through its investment adviser representatives, work with each Client to determine their tolerance for risk as part of the portfolio and strategy selection process. Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each client should understand be willing to bear. Clients are reminded to discuss these risks with their investment advisor representative.

With respect to Adviser Discretionary Management (ADM) accounts, approved Investment Adviser Representatives can provide management for clients directly.



The firm has established guidelines to assist advisors about how to manage client assets. The firm's guidelines are best practices, however Investment Adviser Representatives are ultimately responsible for the investment allocations in adviser Discretionary Managed accounts, subject to the customers portfolio allocation selection and any customization that the customer has directed.

ADM accounts are often provided on a customized basis, meaning that the Investment Adviser Representative has more flexibility to accept instructions from the Client about particular holdings, frequency of trading, cash allocations, and other restrictions and limitations than is typically afforded to clients through other managed account strategies.

With respect to all other management, Creative utilizes an Executive Investment Committee in determining the general strategies employed in the delivery of investment advice provided to clients.

Biographies of the Executive Investment Committee members are set forth below:

Brent A. Owens, born in 1969, graduated from Indiana Wesleyan University with a B.S. in Business Administration in 1992. He is a General Securities Principal and a Financial Operations Principal. He has passed the following FINRA/state-regulatory qualifying examinations: Series 7, Series 24, Series 27, Series 63 and Series 65. He is an active member of the Financial Services Institute and the National Association of Insurance and Financial Advisers. Mr. Owens has been President of the firm and cfd Investments, Inc. (a registered broker/dealer) since 1997. From 1992 to 1997, Owens served both the firm and cfd Investments, Inc. in various capacities, including plan writing and investment management of the firm's managed accounts.

Kregg J. Rooze, born in 1974, graduated from Purdue University with a B.S. in Financial Counseling and Planning and Consumer Affairs in 1998. He is a General Securities Principal and Vice President of the firm. He has passed the following FINRA/state-regulatory qualifying examinations: Series 7, Series 24, and Series 63. He began working for firm in 1997. His experience includes plan writing, since 1999, Rooze served as the Managed Account Director of the firm.

Daniel K. Hale, born in 1972, graduated from the University of North Carolina - Pembroke in 1995 with a B.S. in Business Administration. He also has an Associate's Degree in Accounting from Garden City Community College. He is a General Securities Principal and an Options Principal, as well as Vice President of cfd Investments, Inc. He has passed the following FINRA/state-regulatory qualifying examinations: Series 4, Series 7, Series 24, Series 27, Series 62, and Series 63. He has been working for cfd Investments, Inc. since 1995.

Mick Owens, born in 1946, graduated from Indiana State University in 1968 with a B.S. in Mathematics. Owens is the founder of the firm and of cfd Investments, Inc.

Owens is also the founder of several companies that do not have material interrelationships with the firm; cfd Insurance Planners, cfd Accounting Services, and cfd Realty. Owens has obtained the CLU, ChFC, and CFP designations and is a general securities principal. He has passed the following FINRA/state-regulatory qualifying examinations: Series 7, Series 24, Series 63 and Series 65.

Chris Rockey, born in 1979, graduated from Butler University in 2001 with a B.S in Physician Assistant Studies. Chris has worked in the financial services industry since 2008 after working as an emergency department Physician Assistant for more than 10 years. He works with individuals and small businesses to help them formulate their financial goals and develop strategies to implement them. Rockey has obtained the ChFC designation and has passed the following FINRA/state-regulatory qualifying examinations: Series 7 and Series 66.

## **Other Business Activities**

### **Solicitor Activities**

#### *Acting as Solicitor:*

The firm may in some instances act as a solicitor for third party asset managers and receive a fee for its solicitation activities. The fee received may include any of the following: a portion of the asset management fee charged to the client, a platform fee paid directly by third party asset manager, which may or may not be based on the assets under management maintained by the asset manager. With respect to certain third party asset managers, the fee described herein may be in addition to fees associated with corporate sponsorship, revenue share or other arrangements discussed elsewhere in this form ADV or other firm disclosures.

#### *Acting as a Co-Advisor:*

The firm may in some instances act as a Co-Advisor, whereby Creative may provide advisory services along-side of a third party investment adviser. In such arrangements, typically, the third-party investment adviser will be providing management services, and the firm will engage in other advisory services in connection with the client/account. Both the third-party asset manager and the firm may charge a fee for the advisory services that each provides. That fee may be combined or billed separately, depending on the policies and procedures of the third party investment adviser. With respect to certain third party asset managers, the fee described herein may be in addition to fees associated with corporate sponsorship, revenue share or other arrangements discussed elsewhere in this form ADV or other firm disclosures.

There are different methods used for the billing of fees, and these differences are dependent upon the third party manager. Certain managers/custodians will collect our advisory fees in accordance with their policies and procedures. If that is the case, see the third party manager's policies and procedures for the details of the billing methodology.

To the extent that Creative is billing its advisory fees, the advisory services are provided for an annualized fee that is billed quarterly, in advance and is based on the value of the assets on the final day of the quarter. When an account is opened during the quarter, the fee will be prorated for the portion of the calendar quarter for which management services were provided. The annual rate is fixed when a client opens or modifies an account. The rate is identified in the customer's agreement.

In certain instances, fees may be charged to the account, to the client directly, through another managed account if allowed, via a bank or credit card all at the client's option.

*Engaging Solicitors:*

To the extent permitted under applicable law(s), the firm may pay a fee under its referral program. The amounts paid and the persons eligible under the referral program are provided for by written agreement. The amount is based on a percentage of the fees it collects for investment advisory or financial planning services.

**Other Activities of Staff Members and Investment Adviser Representatives**

Most of the firm's personnel and investment adviser representatives are registered representatives of cfd Investments, Inc., a securities broker/dealer and affiliated entity of Creative. For certain accounts, as otherwise described herein, cfd Investments, Inc. acts as broker for securities transactions and, in those instances, receives a portion of the custodial fee and/or transaction-based compensation. Where an advisory client of Creative elects to effect securities transactions through cfd Investments, Inc., in a non-managed account his or her investment adviser representative, acting in the capacity of registered representative, will be compensated thereon.

The client is not obligated to affect any transactions through cfd Investments, Inc. but may choose to utilize the broker/dealer firm of their choice. Not all investment strategies are available when using other broker/dealer firms and must be approved for use before management can occur.

A client's investment adviser representative or cfd Investments, Inc. may occasionally purchase securities that are also recommended to other of Creative's clients. This situation almost universally entails publicly traded stocks, ETFs or mutual funds, where there is little risk that Creative might disadvantage a client or his or her investment adviser representative trading in advance of clients. However, Creative's investment adviser representatives are required to affect any client transactions prior to affecting their own.

In addition to acting as investment adviser representatives of Creative Financial Designs and registered representatives of its affiliate, cfd Investments, Inc., investment adviser representatives may also have various other outside business activities, related to the financial services industry or entirely unrelated. All outside business activities of investment adviser representatives must be disclosed to, and approved by, Creatives' Compliance Department. Creative will make disclosure of potential conflicts of interest to its clients relating to individual circumstances in such situations.

## **ITEM 9: DISCIPLINARY INFORMATION**

In 2020, The Securities and Exchange Commission "SEC" issued an Administrative and Cease and Desist Order pursuant to Section 15(B) of the Securities Exchange Act, and Sections 203(E) and 203(K) of the Investment Advisers Act of 1940. The Order found that Creative breached its fiduciary duty in connection with its mutual fund share class selection practices and revenue sharing payments by cfd Investments, Inc., its affiliated broker/dealer. The Order identified that the payments of 12B-1 fees and revenue share arrangements to cfd Investments, Inc., that were in effect from 2014 thru 2019. These arrangements constituted a conflict of interest that was not fully disclosed in the form ADV. Additionally, the compensation received by cfd Investments, Inc. was not fully disclosed in the form ADV. The Order issued a monetary fine of \$212,300, and ordered disgorgement of \$569,516 and prejudgment interest of \$208,424.

Other details related to this matter, or matters relating to affiliates of Creative, can be found on the Investment Adviser Public Disclosure site ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) or FINRA's brokercheck ([www.brokercheck.com](http://www.brokercheck.com)).

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS**

Creative has some common shareholders, officers and directors with cfd Investments, Inc., cfd Insurance Planners, Inc. and other companies related only by common ownership. No CFD company has a controlling ownership interest in any other CFD company. cfd Investments, Inc. is an SEC-registered Broker/Dealer and member of FINRA and is also an insurance agency. Cfd Insurance Planners is a licensed life and health insurance agency. As disclosed elsewhere, there is also cfd Realty [a real estate broker]. The object is to make the products and services of those companies available to clients, if desired, in order to provide superior services and products toward achievement of clients' overall financial goals. However, unless otherwise noted herein, clients are not obligated to use either cfd Investments or any other affiliated entity in the course of implementing advice given by Creative. For some management platforms, clients are required to use the services of cfd Investments, Inc. as the broker/dealer. While the firm believes that the fees, commissions and charges of cfd Investments, Inc. are competitive with the industry norms and the negotiation

of commission rates is possible, clients may be able to obtain substantially similar services from other industry broker/dealers at lesser cost.

Most registered representatives of cfd Investments are also investment adviser representatives of Creative, and most investment adviser representatives of Creative are also registered representatives of cfd Investments. This fact, along with overlapping ownership previously discussed, creates a close relationship between Creative and cfd Investments. Given the close relationship between cfd Investments and Creative, cfd Investments and Creative have jointly created the firm Customer Relationship Summary (Form CRS). Creative believes that this is the best way of describing the relationships available with Creative. Additionally, Creative has worked with cfd Investments on its Conflicts of Interest Disclosure, which contains information relating to conflicts of interest that cfd Investments and Creative have with respect to some of the services that are provided to retail customers and investors. Please note that this information is available at [www.cfdinvestments.com](http://www.cfdinvestments.com) and [www.creativefinancialdesigns.com](http://www.creativefinancialdesigns.com), and is intended to be a disclosure of cfd investments, but to the extent that it relates to Creative's managed accounts held through a cfd Investments account, that disclosure document is also considered to be a supplemental disclosure of Creative.

#### **ITEM 11: CODE OF ETHICS -- PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Creative, its employees and investment adviser representatives are subject to the firm's Code of Ethics. The Code generally provides that in all of Creative's business the best interest of the client is primary. Conflicts of interest are to be avoided and, where they cannot be avoided, acted upon in the client's best interests. The Code further requires employees and investment adviser representatives to, among other things, adhere to all applicable regulatory requirements and to protect the confidential information of clients. This Code of Ethics also relates to investment adviser representatives relative to their personal investment transactions, all of which are monitored by the firm to ensure that personal trading does not interfere with the obligations and responsibilities of the investment adviser representative to the client. Clients may obtain a copy of the firm's Code of Ethics upon request.

Specifically, investment adviser representatives are precluded from conducting trading in their personal accounts or in the accounts prior to placing client transaction the same securities, except to the extent that it relates to block trades which are fully executed.

#### **ITEM 12: BROKERAGE PRACTICES**

##### **Choice of Broker/Dealers**

Clients may establish a brokerage account through an approved broker/dealer. One option is for clients to utilize cfd Investments, Inc., which is a broker/dealer

affiliated with Creative. This option is available only to clients whose investment adviser representative is also affiliated with cfd Investments, Inc. cfd Investments, Inc. utilizes NFS as its clearing firm, which provides such services as transaction execution, clearance, settlement and custody. Creative believes that the fees, commission and other charges available through cfd Investments, Inc. are competitive relative to the services provided. Clients may negotiate fees, commissions and other charges.

For brokerage accounts established through NFS, asset-based pricing will apply to the account, which will be a percentage of the value of an account, with an \$8 minimum monthly charge. This charge will be applied to cover the custodial and transaction-based fees associated with the managed account. This is not a "Wrap Fee," as the advisory fee associated with the management of the account is separately identified and negotiated. Additionally, the financial adviser does not share in any portion of the asset-based pricing fee. The asset-based pricing fee is designed to offset those costs incurred by cfd Investments, Inc. based on the fees charged by NFS for the custody and trading services that they provide, as well as to provide the revenue to cfd Investments, Inc., that would approximate the amount of revenue that would have been received were transaction-based pricing still in place. Of course, it is doing so while at the same time diminishing the conflict of interest that comes into place if Designs were to direct transactions for which transaction-based compensation would be received by cfd Investments, Inc. cfd Investments, Inc. will not receive any additional compensation based on a decision of the manager to conduct more frequent transactions in a customer's account.

As an alternative, clients may choose to establish an account through Schwab acting as the broker/dealer. Creative may also make other broker/dealer arrangements available from time to time. For the costs and expenses related to Schwab, please check with the information made available by those Schwab, as its fees and charges can change from time to time.

For brokerage accounts established through custodians other than NFS, the customer will pay for the services of the custodian, and depending on how the account is set up, that payment may be in the form of an asset-based fee, or in the form of a transaction-based fee. Additional fees and charges may also apply. Neither the financial professional nor Creative shares in any portion of custodian's fees.

If Creative approves another custodian, the details of fees and expenses associated with such an account will be fully disclosed to the client upon any recommendation to open up such an account.

## **Execution of Transactions**

When effecting securities transactions for the In-House Brokerage Managed Account platform, the firm's personnel will generally effect transactions for all clients utilizing block trading, (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts). This will not advantage one client over that of another. When the type or nature of the transaction is not conducive to the use of block trading, Creative will conduct all of the transactions as close in time as practicable under the prevailing circumstances. This practice will result in some clients obtaining execution of their portfolio transactions earlier than other clients do and in periods of market volatility, could result in differing execution prices for some clients for transactions involving the same securities.

When effecting transactions through different custodians, transactions will be conducted first at NFS, Schwab, and then at any remaining custodians.

## **Soft Dollars/Referrals/Directed Brokerage**

Except as otherwise identified herein, Creative does not accept products or services that do not qualify for Safe Harbor outlined in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. That said, certain third party asset managers provide payments to Creative or cfd Investments, Inc. in the form of marketing support. Such payments are made to Creative for the purposes of supporting training of its investment adviser representatives, and such third party asset managers are identified as corporate sponsors. Information relating to corporate sponsors is discussed on the firm's website at [www.creativefinancialdesigns.com](http://www.creativefinancialdesigns.com).

Certain third party asset managers provide incentives to investment adviser representatives, and these incentives can include the payment of additional funds to investment adviser representatives, beyond the fee collected, as an offset of costs paid by the investment adviser representatives in the performance of their practices. These incentives may also include forms of non-cash compensation which would generally be used to offset expenses related to marketing or training activities. Discussions of these programs can be made available directly by our investment adviser representatives, as applicable to the services that they recommend. More information about these programs and arrangements are discussed in the firm's conflicts of interest disclosure, and in the financial professional specific conflicts of interest disclosure. Please discuss this matter with your investment adviser representative, if applicable.

With respect to managed advisory clients, Creative does not direct brokerage to any broker/dealer in return for any form of compensation or referrals. Creative utilizes the brokerage services of cfd Investments, Inc. and generally recommends,

and in some cases requires that advisory clients utilize the services of this affiliated broker/dealer. As discussed elsewhere in this document, cfd Investments, Inc. does receive compensation based on accounts established through the broker/dealer and through its clearing arrangement with NFS. Additional compensation is provided to cfd Investments, Inc. based on the aggregate account value of accounts established through NFS, which includes accounts established as managed accounts through Creative.

Customers of investment adviser representatives that are not associated with cfd Investments, Inc. cannot utilize NFS as their custodian for managed accounts. Creative does provide services through other custodians, and investors will pay fees and charges for transactions, or other services provided through such custodians.

Financial planning clients are advised that they are free to use the broker/dealer of their choice to implement financial planning recommendations. Clients should be aware that a conflict of interest is present when utilizing cfd Investments, Inc. for plan implementation transactions since their investment adviser representative may be compensated for such securities transactions by the broker/dealer. That compensation in their capacity as registered representatives is in addition to any compensation they may receive from Creative in their capacity as investment adviser representatives.

## **ITEM 13: REVIEW OF ACCOUNTS AND FINANCIAL PLANS**

### **Review of Accounts**

Managed accounts are reviewed by the Managed Accounts Department. Investments and portfolio strategies are managed for investment and portfolio ratings, drift, along with internal valuations on gains, losses, allocation, and diversification, etc. Creative conducts its monitoring via independent software as well as personal observations. In order to ensure that all portfolio transactions, holdings and values are correct and current, Creative urges its clients to carefully review all statements received directly from the independent financial institutions and qualified custodians. Furthermore, Creative conducts reviews of trades and managed accounts.

### **Review of Financial Plans**

The firm's home office staff reviews a sampling of financial plans including written financial planning advice. Compliance and Supervision personnel also conduct periodic reviews of investment adviser representative activities.



## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **Client Solicitation**

Creative, from time to time, enters into solicitation agreements pursuant to which it compensates third-party intermediaries for client referrals that result in the provision of investment advisory services by Creative. Creative will disclose these solicitation arrangements to affected investors, and any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to Creative may receive compensation from Creative, such as a retainer, a flat fee per referral and/or a percentage of introduced capital. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. The cost of any such fees will be borne entirely by Creative and its investment adviser representatives and not by any affected client.

### **Third Party Asset Managers or Co-Advisory Relationships**

Creative enters into marketing arrangements with certain third-party asset managers whereby Creative receives compensation and/or allowances in amounts based either upon a percentage of the value of new or existing account assets of clients referred to the third party asset manager by Creative, or a flat dollar amount. Creative uses these funds to offset marketing expenses of Creative or its investment adviser representatives.

### **cfd Investments, Inc.**

There is no formal client referral arrangement between cfd Investments, Inc. and Creative, but there are clients of Creative that are also clients of cfd Investments, Inc. and it can be understood that clients are being referred between cfd Investments, Inc. and Creative. Additionally, most investment adviser representatives of Creative are also registered representatives of cfd Investments, Inc. These facts may be a consideration in a recommendation by Creative to utilize cfd Investments, Inc. as its broker/dealer.

## **ITEM 15: CUSTODY**

All client assets are held at qualified custodians who provide account statements directly to clients per their stated way of receiving (through online access, email, or mail). Clients have the choice of the custodian that they wish to have, and is responsible to pay for all custodial, transaction fees, or other such fees as charged by the custodian of their choice.

While Creative does not take physical custody of client funds or securities, SEC rules under the Investment Advisers Act of 1940 deem the firm to have custody of client assets because of certain business methodologies employed by Creative.

The firm is deemed to have “constructive custody” under regulatory guidelines because of Creative’s authority from certain clients for Creative to directly debit client advisory fees from their custodian accounts consistent with industry practices and regulatory guidelines. Furthermore, most clients under the Self-Directed Retirement management platform gives Creative access to their employer plan account to allow the firm to effect investment management transactions with regard to those assets. Under SEC rules, this level of access to client assets is considered the equivalent of Creative having “custody” of the client assets.

Because Creative is deemed to have custody of client assets due to the circumstances described above, the firm has engaged an independent auditor to perform an unannounced audit of Creative’s activities relating to client assets on at least an annual basis. The purpose of the audit is to ensure that the firm and its personnel are dealing appropriately with client assets and to verify those client assets with the respective custodians where the client assets are held, as well as directly with clients themselves. The results of these audits are available upon request.

#### **ITEM 16: INVESTMENT DISCRETION**

Creative exercises discretion with respect to the Brokerage Management, Self-Directed Retirement, and Variable Annuity Management platforms. Discretion gives Creative the authority to determine the securities to be bought and sold without obtaining specific client consent, unless a client of Creative specifically requests that certain securities not be purchased in their accounts. For certain managed accounts it is required that the clients maintain the account at a broker/dealer. Creative often recommends cfd Investments to serve in that capacity, however a client may use a third party broker/dealer approved by Creative.

Though the firm generally recommends that planning clients utilize cfd Investments, Inc. for securities transactions, the planning clients’ choice of broker/dealers to use for the implementation of securities transactions is the client’s decision.

#### **ITEM 17: VOTING CLIENT SECURITIES**

Creative does not vote proxies for its clients with regard to their securities holdings. All client securities are held at their respective custodians in the name of the client and therefore client custodians’ direct proxies to the clients themselves for voting.

#### **ITEM 18: FINANCIAL INFORMATION**

Creative does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Creative is required to disclose any

financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Creative has no disclosures pursuant to this topic.