

Item 1: Cover Page



SEC File No. 801-71357

Part 2A of Form ADV Firm Brochure

March 20, 2024

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This brochure provides information about the qualifications and business practices of Pinnacle Financial Group LLC. If you have any questions about the contents of this brochure, please contact us at 708-246-6262. 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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Pinnacle Financial Group LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

The firm made the following material change since the last update of this brochure issued September 6, 2023:

Effective January 1, 2024, James Stork sold his ownership in Pinnacle Financial Group to Vincent Harambasic (III). Vincent Harambasic (III) owns 50% of Pinnacle Financial Group, LLC. Vincent's ownership of Pinnacle Financial Group is held by ThreePillars Assets, LLC, which was formed solely to hold Vincent's ownership of Pinnacle Financial Group.

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Item 4: Advisory Business

A. Ownership/Advisory History

Pinnacle Financial Group, LLC is a registered investment adviser based in Western Springs, Illinois. We are organized as a limited liability company under the laws of the State of Illinois. We have been providing investment advisory services since 1989. Albatross41, LLC, and ThreePillars Assets, LLC, as separate entities each own 50% of Pinnacle Financial Group. Daniel Fitzgerald is the Managing Member and sole owner of Albatross41, LLC, and Vincent Harambasic (III) is the Managing Member and sole owner of ThreePillar Assets, LLC.

B. Advisory Services Offered

Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Financial Planning Services
- Investment Management Services

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Pinnacle Financial Group and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

We are a "fee-only" investment adviser. "Fee-only" means we are paid exclusively by our clients and the amounts of all such compensation are fully disclosed to clients in writing. We do not sell products and we do not receive commissions or other compensation from any source. We do not have a formal agreement to receive soft dollar compensation nor do we receive commissions from any outside party. This fee-only arrangement enables our firm to act solely in our clients' best interests; there is no financial incentive, hidden or otherwise, for our firm to operate in any other manner.

Financial Planning Services

We offer broad-based, modular, and consultative financial planning services. Financial planning services will typically involve providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs. We will conduct a complimentary initial consultation. After the initial consultation, if you decide to engage us for financial planning services, we will conduct follow-up meetings as necessary, during which pertinent information about your financial circumstances and objectives is collected. Once such information has been reviewed and analyzed, a written financial plan designed to achieve your stated financial goals and objectives will be produced and presented to you. The primary objective of this process is to allow us to assist you in developing a strategy for the successful management of income, assets, and liabilities in meeting your financial goals and objectives.

We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Financial plans are based on your financial situation at the time we present the plan to you and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm or registered investment advisor.

Investment Management Services

We offer discretionary and non-discretionary investment management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for investment management services, we will meet with you at the beginning of our advisory relationship to determine fundamental factors such as your investment objectives, risk tolerance, net worth, ability to generate future income, age, portfolio distribution requirements, and other relevant information (the "suitability information"). We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf.

Clients may engage us to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, we direct or recommend the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

As part of our investment management services, we will typically invest your assets in securities and strategies described in Item 8 of this brochure or customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances. For our discretionary investment management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a limited power of attorney, or trading authorization forms. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

Clients have the right to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio (must be in writing and sent to the firm), and

should promptly notify the firm in writing of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. We will remind clients of their obligation to inform us of any such changes or any restrictions that should be imposed on the management of the client's account. We will also contact clients at least annually to determine whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

Sub-Advisory Arrangement

As part of our investment management services, we may use sub-advisers to manage all or a portion of your account on a discretionary basis. We will regularly monitor the performance of your accounts managed by a particular sub-adviser.

C. Client-Tailored Services and Client-Imposed Restrictions

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio.

D. Wrap Fee Programs

We do not participate in wrap fee programs, where brokerage commissions and transaction costs are included in the asset-based fee charged to the client.

E. Client Assets Under Management

As of December 31, 2023, we provide continuous management services for \$476,365,934 in client assets on a discretionary basis, and \$23,379,378 in client assets on a non-discretionary basis.

Item 5: Fees and Compensation

A. Methods of Compensation and Fee Schedule

Financial Planning Services

We charge an hourly fee of up to \$250 for financial planning services, which is negotiable depending on the scope and complexity of the plan, your situation, and your financial objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee. We can also charge a fixed fee based upon a good faith estimate of the hours necessary to complete financial planning services.

In our sole discretion, we may waive or offset a portion of the financial planning fee should you choose to retain us for investment management services as described below. Financial planning fees are due upon completion of the services rendered. We will not require prepayment of a fee more than six months in advance or in excess of \$1,200.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement.

Investment Management Services

Our fee for investment management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<u>Assets Under Management</u>	<u>Annual Management Fee</u>
\$1,000,000 and below	1.00%
\$1,000,001 to \$2,000,000	0.75%
\$2,000,001 and above	0.50%

Our fees are negotiable and agreements with clients may vary from the fees detailed above. The specific fee agreement for each client will be set forth in the written investment management contract of that client.

No client is charged a higher fee structure than the tier referenced above. However, some clients may have a lower fee structure that reflects the length of time you have been a client with us and/or based on the discretion of the investment adviser representative managing your account. We impose a minimum of \$500,000 to open and maintain an advisory account. However, we may waive this account minimum at our sole discretion. At our discretion, we may combine the account values of family members living in the same household to meet the minimum account size. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts.

Our annual investment management fee is billed and payable quarterly in arrears based on the value of your account on the last business day of the preceding quarter. If the investment

management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances. Morningstar posts dividends to a client account on the payable date while some custodians post dividends to a client account on the settlement date. When these dates cross over a quarter-end, the quarterly bill generated by our Morningstar performance reporting and billing system will exceed modestly the account value as shown on the quarter-end custodian statement. We provide a disclosure on every client's quarterly report to note this possible discrepancy between the quarter-end Morningstar reports and the custodian statements.

You may terminate the investment management agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the investment management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

Sub-Advisory Billing Method

The sub-adviser will deduct its advisory fee directly from your account and we will separately deduct our advisory fee directly from your account. On a combined basis, the sub-advisory fee and our advisory fee will not exceed the advisory fees agreed to in our investment management contract with you. Clients should receive a disclosure document directly from any sub-advisor. Clients should refer directly to the disclosure document provided by the sub-advisor for its fee schedule. Access to certain third-party sub-advisors may be limited to certain types of accounts and may be subject to account minimums as determined by the third-party sub-advisor. If Bernardi Asset Management, LLC ("Bernardi") is recommended, the advisory fee charged by Bernardi is 0.25% annually based on the value of your account that they manage. Our portion of the fee for Bernardi is 0.15% for a total annual fee of 0.40%. However, this fee may be offset by 0.05% for account values above \$2,000,000 and by another 0.05% for every \$5,000,000 thereafter up to amounts exceeding \$15,000,000 for a maximum offset of 0.20% if you select to access Bernardi directly.

B. Client Payment of Fees

We do not require the prepayment of fees. We require clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to our firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing.

We will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account.

The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

C. Additional Client Fees Charged

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using our firm may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

D. External Compensation for the Sale of Securities to Clients

Our advisory professionals are compensated by a combination of salary and bonus based either on a percentage of the assets under their direct management or the profitability of the firm. Our firm's Principals are compensated solely based on their share of the net profits of the firm after deducting all other firm expenses. We are not paid any sales, service or administrative fees for the sale of mutual funds or any other investment products with respect to managed advisory assets.

E. Important Disclosure – Custodian Investment Programs

Please be advised that the firm utilizes certain custodians/broker-dealers. Under these arrangements we can access certain investment programs offered through such custodian(s) that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

Limitation on Mutual Fund Universe for Custodian Investment Programs: There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds: Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a

comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm's clients.

Item 6: Performance-Based Fees and Side-by-Side Management

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7: Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$500,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

A. Methods of Analysis and Investment Strategies

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.

Methods of Analysis

We use a variety of sources of data to conduct its economic, investment and market analysis, which may include economic and market research materials prepared by others, conference calls hosted by individual companies or mutual funds, corporate rating services, annual reports, prospectuses, and company press releases, and financial newspapers and magazines. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Our firm and our investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Fundamental analysis is a method of evaluating the intrinsic value of an asset and analyzing the factors that could influence its price in the future. This form of analysis is based on external events and influences, as well as financial statements and industry trends.
- Factor investing is an investment approach that involves targeting specific drivers of return across asset classes. There are two main types of factors: macroeconomic and style.
- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios, and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to derive the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, we review research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. We may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

Modern Portfolio Theory

Our firm's methods of analysis include *modern portfolio theory*. Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets. Modern portfolio theory assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

Mutual Funds and Exchange-Traded Funds, Individual Securities, Third-Party Separate Account Managers, and Pooled Investment Vehicles

We may recommend “institutional share class” mutual funds, exchange-traded funds (“ETFs”), individual securities (including fixed income instruments), and pooled investment vehicles. We may also assist the client in selecting one or more appropriate manager(s) for all or a portion of the client’s portfolio. Such managers will typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that we will take into account when recommending managers to clients.

Our selection process cannot ensure that money managers will perform as desired, and we will have no control over the day-to-day operations of any of the selected money managers. We would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment “style drift,” or even regulatory breaches or fraud.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, individual securities (including fixed-income securities), managers, and pooled investment vehicles is set forth below.

We have formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform or distribute research of individual securities
- perform billing and certain other administrative tasks

We may utilize additional independent third parties to assist in recommending and monitoring individual securities, mutual funds, managers and pooled investment vehicles to clients as appropriate under the circumstances.

We review certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to our clients. Quantitative criteria may include

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund, sub-advisor or manager's fee structure
- the relevant portfolio manager's tenure

Qualitative criteria used in selecting/recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager's consistency of investment style; and employee turnover and efficiency and capacity.

Quantitative and qualitative criteria related to mutual funds and managers are reviewed by our firm on a quarterly basis or such other interval as appropriate under the circumstances. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager (both of which are negative factors in implementing an asset allocation structure).

We may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds or managers utilized. We will endeavor to obtain equal treatment for our clients with funds or managers, but cannot assure equal treatment.

We will regularly review the activities of mutual funds and managers utilized for the client. Clients that engage managers or who invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest. Similarly, clients qualified to invest in pooled investment vehicles should review the private placement memoranda or other disclosure materials relating to such vehicles before making a decision to invest.

Material Risks of Investment Instruments

We generally invest in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Exchange-traded notes
- Fixed income securities
- Municipal securities

Equity Securities

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

Mutual Fund Securities

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

Exchange-Traded Funds ("ETFs")

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs[®], streetTRACKS[®], DIAMONDSSM, NASDAQ 100 Index Tracking StockSM ("QQQsSM") iShares[®] and VIPERs[®]. ETFs have embedded expenses that the client indirectly bears.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

Exchange-Traded Notes ("ETN")

ETNs are structured debt securities. ETN liabilities are unsecured general obligations of the issuer. Most ETNs are designed to track a particular market segment or index. ETNs have expenses associated with their operation. When a fund invests in an ETN, in addition to directly bearing expenses associated with its own operations, it will bear its pro rata portion of the ETN's expenses. The risks of owning an ETN generally reflect the risks of owning the underlying securities the ETN is designed to track, although lack of liquidity in an ETN could result in it being more volatile than the underlying portfolio of securities. In addition, because of ETN expenses, compared to owning the underlying securities directly it may be more costly to own an ETN. The value of an ETN security should also be expected to fluctuate with the credit rating of the issuer.

Fixed Income Securities

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

Municipal Securities

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

B. Investment Strategy and Method of Analysis Material Risks

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

Margin Leverage

Although our firm, as a general business practice, does not utilize leverage, there may be instances in which the use of leverage may be appropriate for certain clients and situations or requested by the clients for personal use. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

Short-Term Trading

Although our firm, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

Technical Trading Models

Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical

algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

C. Concentration Risks

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There is nothing to report on this item.

B. Administrative Enforcement Proceedings

There is nothing to report on this item.

C. Self-Regulatory Organization Enforcement Proceedings

There is nothing to report on this item.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer or Representative Registration

Neither our firm nor our affiliates, employees, or independent contractors are registered broker-dealers and do not have an application to register pending.

B. Futures or Commodity Registration

Neither our firm nor our affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

There is nothing to report for this item.

D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest

We may engage third-party money managers to manage all or a portion of the client's assets. Our fees are separate and distinct from the third-party money managers we utilize. We will always act in the best interests of the client, including when determining which third-party manager to recommend and/or utilize for clients.

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

A. Code of Ethics Description

In accordance with the Advisers Act, we have adopted policies and procedures designed to detect and prevent insider trading. In addition, we have adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of our advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer. We will send clients a copy of its Code of Ethics upon written request.

Our firm has policies and procedures in place to ensure that the interests of clients are given preference over those of the firm, our affiliates and our employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest

We do not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, we do not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

C. Advisory Firm Purchase or Sale of Same Securities Recommended to Clients and Conflicts of Interest

Our firm, affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by us may purchase or sell the same securities as are purchased or sold for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which our firm specifically prohibits. We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account

- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow the firm's procedures when purchasing or selling the same securities purchased or sold for the client.

D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

Our firm, affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other clients. We will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in our affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is our policy to place the clients' interests above those of our firm and employees.

Item 12: Brokerage Practices

A. Factors Used to Select Broker-Dealers for Client Transactions

Custodian Recommendations

We may recommend that clients establish brokerage accounts with the Fidelity Institutional division of Fidelity Investments or Schwab Advisor Services division of Charles Schwab & Co., Inc. (collectively referred to hereinafter as "custodian"), FINRA-registered broker-dealers, members SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. We are independently owned and operated and not affiliated with custodian. For client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

We consider the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to our approval, we will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

How We Select Brokers/Custodians to Recommend

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)

- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

Client's Custody and Brokerage Costs

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging either transaction fees or custodian asset-based fees on trades that it executes or that settle into the custodian's accounts. The custodian's commission rates applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates paid are lower than they would be if the firm had not made the commitment. In addition to commissions, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

Soft Dollar Arrangements

We do not utilize soft dollar arrangements. We do not direct brokerage transactions to executing brokers for research and brokerage services.

Institutional Trading and Custody Services

The custodian provides our firm with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at a particular custodian. The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Other Products and Services

Custodian also makes available to us other products and services that benefit our firm but may not directly benefit its clients' accounts. Many of these products and services may be used to

service all or some substantial number of our accounts, including accounts not maintained at custodian. The custodian may also make available to us software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of our fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help us manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend that clients custody their assets at the custodian, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

Independent Third Parties

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to us. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to us.

Additional Compensation Received from Custodians

We may participate in institutional customer programs sponsored by broker-dealers or custodians. We may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between our participation in such programs and the investment advice it gives to its clients, although we receive economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving our firm's participants

- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third-party vendors

The custodian may also pay for business consulting and professional services received by our related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for our personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit us but may not benefit its client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help us manage and further develop its business enterprise. The benefits received by our firm or personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

We also participate in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and our continued participation may require us to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, we will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by our related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for our personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or related persons in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of broker-dealers for custody and brokerage services.

Our Interest in Custodian's Services

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. Custodian's services may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

Brokerage for Client Referrals

We do not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

Directed Brokerage**Pinnacle Recommendations**

We typically recommend Fidelity or Schwab as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

Client-Directed Brokerage

Occasionally, clients may direct us to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage we derive from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. We lose the ability to aggregate trades with other advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

B. Aggregating Securities Transactions for Client Accounts**Best Execution**

Our firm, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. We recognize that the analysis of execution quality involves a number of factors, both qualitative and quantitative. We will follow a process in an attempt to ensure that we are seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates

- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, we seek to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of our knowledge, these custodians provide high-quality execution, and our clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, we believe that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

Trade Errors

From time-to-time we may make an error in submitting a trade order on the client's behalf. When this occurs, we may place a correcting trade with the broker-dealer. If an investment gain results from the correcting trade, the gain will remain in client's account unless the same error involved other client account(s) that should have received the gain, it is not permissible for client to retain the gain, or we confer with client and client decides to forego the gain (e.g., due to tax reasons).

If the gain does not remain in client's account and Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in client's account, they may be "netted."

Security Allocation and Order Aggregation

We do not aggregate client orders for either purchases or liquidations since each respective client portfolio is managed in accordance with customized asset allocation targets and strategies.

Item 13: Review of Accounts

A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Accounts are reviewed by the investment adviser representative servicing the client's account. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than semi-annually. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, or changes in macro-economic climate.

Financial planning clients receive their financial plans and recommendations at the time service is completed. There are no post-plan reviews unless engaged to do so by the client.

B. Review of Client Accounts on Non-Periodic Basis

We may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how we formulate investment advice.

C. Content of Client-Provided Reports and Frequency

We report to the client on a quarterly basis or at some other interval agreed upon with the client, information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio measured against appropriate benchmarks (including benchmarks selected by the client).

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by our firm.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

We receive an economic benefit from custodians (Schwab and Fidelity) in the form of the support products and services they make available to us and other independent investment advisors that have their clients maintain accounts at the custodians. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12: Brokerage Practices. The availability of custodians' products and services to us is not based on our giving particular investment advice, such as buying particular securities for our clients.

B. Advisory Firm Payments for Client Referrals

We do not pay for client referrals.

Item 15: Custody

Our firm is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
 1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
 2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
 3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
 4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
 5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
 6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
 7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

Item 16: Investment Discretion

Clients may grant us a limited power of attorney with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, we will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement. In addition, subject to the terms of our investment advisory agreement, we may be granted discretionary authority for the retention of independent third-party investment management firms. Investment limitations may be designated by the client as outlined in the investment advisory agreement. Please see the applicable third-party manager's disclosure brochure for detailed information relating to discretionary authority.

Item 17: Voting Client Securities

We do not take discretion with respect to voting proxies on behalf of our clients. All proxy material will be forwarded to the client by the client's custodian for the client's review and action. Clients may contact the firm with questions regarding proxies they have received.

We will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of our firm's supervised and/or managed assets. In no event will we take discretion with respect to voting proxies on behalf of our clients.

Except as required by applicable law, we will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. We have no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. We also have no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, we have no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where we receive written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, we will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

Item 18: Financial Information

A. Balance Sheet

We do not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such are not required to file a balance sheet.

B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

We do not have any financial issues that would impair our ability to provide services to clients.

C. Bankruptcy Petitions During the Past Ten Years

There is nothing to report on this item.