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# VAN HULZEN ASSET MANAGEMENT

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## **Form ADV Part 2A – Firm Brochure**

4370 Town Center Blvd, Suite 220

El Dorado Hills, CA 95762

Phone: 916-608-4284

Fax: 916-608-4296

<https://vanhulzenadvisors.com>

Dated March 20, 2024

This Brochure provides information about the qualifications and business practices of Van Hulzen Asset Management, LLC d/b/a Van Hulzen Financial Advisors. If you have any questions about the contents of this Brochure, please contact us at 916-608-4284. 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.

Van Hulzen Asset Management a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training.

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

CRD: 116632

# Item 2: Material Changes

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Since the last annual filing of this Form ADV Part 2A, dated March 30, 2023, the following material changes have occurred:

- Item 10: In June 2023, Van Hulzen Asset Management launched Citadel Family Insurance Solutions LLC, an insurance agency.
- Item 12 has been updated to reflect TD Ameritrade's transition to Schwab.
- Item 14 has been amended to reflect our participation in the Schwab Advisor Network®.

# Item 3: Table of Contents

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# Item 4: Advisory Business

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## **Description of Advisory Firm**

Van Hulzen Asset Management's registration was granted by the U.S. Securities and Exchange Commission on March 14, 2003. Craig Dennis Van Hulzen (CRD Number 2468474) is the Executive Chairman, Chief Investment Officer and Founder of Van Hulzen Asset Management. Mr. Van Hulzen owns the majority of the equity in Van Hulzen Asset Management. Bradley Robert Nicholson (CRD Number 4846561) is the President of Van Hulzen Asset Management and owns a minority interest in Van Hulzen Asset Management. Wedbush Capital, owns a minority interest in Van Hulzen Asset Management. Paul Nederveld is the Chief Compliance Officer of Van Hulzen Asset Management. Van Hulzen Asset Management is not publicly owned or traded. As of December 31, 2023, Van Hulzen Asset Management managed on a discretionary basis \$1,983,123,187 and \$10,696,624 on a non-discretionary basis. Client assets are managed on an individualized basis. Clients may impose restrictions on their accounts.

## **Types of Advisory Services**

Van Hulzen Asset Management, a California Limited Liability Corporation, provides investment advisory services to clients, including individuals, pension and profit-sharing plans, trusts, estates, small business owners, foundations, charitable organizations, private investment vehicles and corporations on a discretionary and non-discretionary basis.

## **Wealth Management Services**

Van Hulzen Financial Advisors offers a broad-based financial solution for clients who are seeking advice on their total financial situation. This is an advisory service that includes analysis and recommendations on the client's entire balance sheet including investment portfolios, real estate, private investments, debts, and other items. Wealth management also includes (as applicable) financial planning, estate planning, tax strategies, asset allocation services, asset management, reporting, position monitoring, cashiering, and support of a dedicated team.

## **Asset Management Services**

We have numerous investment strategies that include US Covered Call Strategy, US fixed income, US equity, global equity, tactical asset allocation, ETF (including commodity funds, precious metal funds, and agricultural funds) and "no-load" or "load-waived" mutual funds, and balanced investment styles, alternative investments (including publicly traded and non-traded real estate funds and privately traded business development companies), variable annuities, and options. Asset Management Services is for investors who hire Van Hulzen Asset Management to solely manage an allocation of their overall portfolio and not for the broad-based wealth management solution.

Assets managed by Van Hulzen Asset Management are predominantly made up of individual securities such as US equities, American Depositary Receipts, exchange-traded funds, and bonds. On occasion, mutual funds may also be appropriate for diversification or asset class allocation. In these cases, there are two levels of fees involved, that is, one fee payable to Van Hulzen Asset Management and a second fee payable to the mutual fund. All mutual funds (including no-loads) have embedded fees (as represented by the funds' published "expense ratios") that the mutual fund company automatically extracts from the fund's return. The client does

not receive an explicit invoice for the mutual fund's expenses, even though the client pays the mutual fund expenses through the fund's returns. In addition, the client's brokerage firm may charge the client a "transaction fee" on the purchase of some no-load mutual funds.

### **Wetsel Financial Model Wealth Portfolios**

Wetsel Financial Model Wealth Portfolios ("WFMWP") advisory program offers a unique solution for those clients desiring a dynamic long-term asset management program. The WFMWP program may use individual securities, preferred stock, bonds, mutual fund shares and exchange traded funds ("ETFs") to create one or more model portfolios based on a client's investment objective. Our models include an income with capital preservation portfolio, income with moderate growth portfolio, growth with income portfolio, growth portfolio and aggressive growth portfolio. Van Hulzen Asset Management has discretion to buy and sell securities in the client's account in accordance with the guidelines and asset allocation thresholds set forth in accordance with the model portfolio(s) selected.

### **Schreur Financial Model Wealth Portfolios**

Schreur Financial Wealth Portfolios ("SFWP") advisory program offers a unique solution for those clients desiring a dynamic long-term asset management program. The SFWP program uses individual securities such as US equities, American Depositary Receipts, exchange-traded funds and bonds. On occasion, mutual funds may also be appropriate for diversification or asset class allocation. Van Hulzen Asset Management has the discretion to buy and sell securities in the client's account in accordance with the guidelines and asset allocation thresholds set forth in accordance with the asset allocation selected.

### **Consulting Services**

We offer research and consulting services on a contractual basis. The services offered include technical research analytics, financial modeling, business valuation, private fund review and recommendation, and transactional analysis. Van Hulzen Asset Management also provides advice regarding hedging of concentrated positions and manages accounts which seek to trade in volatility strategies, including the use of index and single stock options.

### **Asset Allocation Services**

We offer a strategic asset allocation program for clients seeking guidance on the allocation of capital between various asset classes, managers or commingled funds.

The Asset Allocation services include:

- Complete Evaluation of Client's Current Investments, including investments held at other custodians and variable annuities.
- Assisting Client in Quantifying and Prioritizing their investment and other financial goals
- Developing a Cohesive Investment Strategy for managing the client's portfolio
- Establishing and/or Consolidating the Client's Investment Accounts
- Manager, asset and security research and selection (as appropriate)
- Implementation of the agreed-upon allocation, including purchasing, selling existing and new securities to arrive at the recommended asset allocation.

- Risk Analysis of personal balance sheet holdings (private, public, real estate, debt)
- On-Going Monitoring of the positions for continued suitability
- On-Going Adjustments and Rebalancing of the investment portfolio
- Quarterly Investment Performance Reports
- On-Going Meetings to Review Strategy and Progress toward client's goals
- Retirement Planning, Cash Flow Analysis and Planning, Stock Option Planning, College Planning
- Assistance with Tax, Estate, Insurance and Real Estate issues

All work is customized for each client relationship and fees are negotiated based on the services provided on a case-by-case basis. Clients of Van Hulzen Asset Management may terminate the contracted services by providing written notice.

### **One-Time Investment Analysis and Planning Consultation**

A thorough assessment is performed of the client's financial goals, objectives, existing investments, and risk tolerance in order to provide sound investment analysis and recommendations. A customized investment strategy and asset allocation plan will then be developed for the client to implement.

The advice and recommendations will include specific adjustments to be made to the current assets if appropriate, and recommendations on investments to be added. Portfolio recommendations are composed primarily of no-load mutual funds readily available through discount brokerages of the client's choice. If the client already owns a variable annuity, we will research and recommend the sub-account fund choices most appropriate for the client's goals and objectives. The client is responsible for maintaining their investment accounts and for the on-going implementation and maintenance required by the portfolio.

### **Financial Planning Services**

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information, and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals;
- Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis;
- Retirement: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals;
- Investments: Analysis of investment alternatives and their effect on a client's portfolio;
- Insurance: Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

## ERISA Services

We offer ERISA 3(21) and 3(38) services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include:

- Provide the Sponsor and the Plan with the recommended diversified investment options for the Plan from which Plan participants may choose. May also create specific asset allocation models (the “Models”) comprised of any and/or all of the designated investment alternatives.
- Recommend a qualified default investment alternative (“QDIA”)
- Revise existing (and/or develop and maintain) an Investment Policy Statement establishing the investment policies and objectives for the Plan, setting forth the asset classes and investment categories to be offered under the Plan, and providing the criteria and standards for selecting and monitoring such assets.
- Provide Plan participants with informational seminars, to include materials which describe the various investment alternatives available under the Plan, information about investing generally, including information about different types of investments, information about different investment allocation strategies, including information about historical returns, and interactive materials designed to help participants identify appropriate investment strategy.

## Wrap Fee Programs

Van Hulzen Asset Management does not participate in wrap fee programs.

# Item 5: Fees and Compensation

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How we are paid depends on the type of advisory service we are performing. Van Hulzen Asset Management provides customized solutions and financial planning services to investors based on unique needs and objectives. Fees are billed in arrears on a quarterly basis. Van Hulzen Asset Management, in its sole discretion, may negotiate a different fee with the client, based on the nature of the services and the scope of the work needed.

Fees may be negotiable based on account size and the scope and complexity of the services needed by the client. A client may terminate their services by providing written notice. The client will be responsible for payment of services through the date written notification is received by Van Hulzen Asset Management.

Please review the fee and compensation information below.

## Wealth Management Fee

Fees for wealth management services are calculated as a percentage of assets under management and are billed at the end of each quarter. The maximum fee is 1.50%; fees are negotiable based on the scope and complexity of services provided to clients.

## Asset Management Fee

**Equity Strategies** Fees charged for equity strategies are calculated as a percentage of assets under management and are billed at the end of each quarter. The maximum fee is 1.50%; fees are negotiable based on the scope and complexity of services provided to clients.

**Fixed Income Strategies** Fees charged for fixed income strategies are calculated as a percentage of assets under management and are billed at the end of each quarter. The maximum fee is 1.50%; fees are negotiable based on the scope and complexity of services provided to clients.

### **Asset Allocation Program Fee, Schreur Financial & Wetsel Financial Model Wealth Portfolios**

The standard advisory fee for the Asset Allocation Program Fee, Schreur Financial Model Wealth Portfolio and the Wetsel Financial Model Wealth Portfolio is a maximum of 1.75%.

### **Financial Planning Fee**

Financial Planning fee is an hourly rate of \$325.00 per hour with no minimum. Fees are payable upon presentation of the specific advice and recommendations to the client.

### **Consulting Services Fee**

Consulting Services are provided on an hourly rate of \$325.00 per hour with no minimum. Fees are payable upon presentation of the specific advice and recommendations to the client. For consulting on investing in private funds, our hourly rate is \$325.00 with no minimum.

### **Performance-Based Fee**

In some instances, clients may pay an annual fee based on a percentage of realized and unrealized profits (“performance fee”). Our performance-based fees are based on a “**High Water Mark**”. This type of fee arrangement and the associated strategy is only available to **qualified clients** and may be negotiable in certain cases.

**High Water Mark Calculation:** Performance fees are based on a new high watermark for each year that is charged. For example, a client may deposit \$1,000,000 and the profit commission is 20%. At the end of the first year the account balance is \$1,100,000. The first year’s profit for the Adviser is \$20,000.00 (20% of \$1,100,000=\$220,000.00). \$1,000,000 is the high watermark. \$20,000 is debited from the clients account in favor of the Adviser. The next year the beginning balance becomes \$1,100,000 and this becomes the new high watermark. At the end of the second year the ending balance on the account is \$1,050,000. No performance fee is debited from the account as the high watermark remains \$1,100,000. This example assumes that the client made no new deposits which would increase the high watermark or any withdrawals which would lower the high watermark.

### **ERISA Service Fee**

Fees for ERISA services are calculated as a percentage of assets under management and are billed at the end of each quarter. The maximum fee is 1.50%; fees are negotiable based on the scope and complexity of services provided to clients.

### **Other Types of Fees and Expenses**

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund’s

prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs. Clients should be aware that lower fees for comparable services are available from other sources.

Item 12 further describes the factors that we consider in selecting or recommending broker/dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions).

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

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"Qualified Investors" as that term is defined by the federal securities laws shall have the ability to choose a performance-based fee structure rather than the asset-based fees typically charged.

For such qualified investors, Van Hulzen Asset Management may charge a performance fee, typically 20% of the gains in client accounts, to the extent such profit exceeds any prior un-recouped losses. Although performance fee rates payable to Van Hulzen Asset Management by future clients will be negotiated when such clients become clients, Van Hulzen Asset Management generally expects those fees to be substantially the same as the rates set forth above. All incentive fees will be made in a manner that complies with Rule 205-3 of the Investment Advisers Act of 1940.

Clients should be aware that this arrangement may cause an inherent conflict of interest as it may give us more incentive to take greater risks or direct investments that are perceived to have higher return potential to the accounts that pay a performance fee versus the accounts that pay only a regular standard advisory fee. We attempt to mitigate this conflict by monitoring and enforcing trading guidelines. These guidelines are reviewed and monitored by the client as well as our Chief Compliance Officer.

We manage accounts for numerous clients that invest in the same or similar securities. Although most securities used in our investment strategy are highly liquid and readily available, certain securities may occasionally have capacity constraints. We attempt to allocate investment opportunities among clients in a fair and equitable manner. Performance is not a factor in our decision to allocate securities to a client's account.

## Item 7: Types of Clients

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Clients are individuals, pension plans, profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Van Hulzen Asset Management has asset minimums that vary based on program offering. There is a \$500,000 minimum. The assets may be made up of multiple accounts. Van Hulzen Asset Management can waive this minimum at its discretion.

There is a five-hour minimum fee for hourly consultative services. The minimum fee may be reduced for repeat clients. Van Hulzen Asset Management can waive this minimum at its discretion.

There is a \$1,000 minimum fee for a one-time investment analysis. The minimum fee may be reduced for repeat clients. Van Hulzen Asset Management can waive this minimum at its discretion.



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

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Our primary methods of investment analysis are technical, fundamental and cyclical analysis.

**Fundamental analysis** involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Technical Analysis** involves using chart patterns, momentum, volume, and relative strength in an effort to pick sectors that may outperform market indices. However, there is no assurance of accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernible trends and similar periods will presumably occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them.

Furthermore, one limitation of technical analysis is that it requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may underperform other trading methods when fundamental factors dominate price moves within a given market.

Cyclical analysis is a type of technical analysis that involves evaluating recurring price patterns and trends based upon business cycles. Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

## Investment Strategies

**Van Hulzen Covered Call Strategy** seeks a total return with less volatility than equity markets in general. In pursuing its objective, the Strategy targets superior long-term risk-adjusted returns versus long-only equities. It invests in large cap companies that the portfolio managers expect to produce strong return on investment, pay regular dividends, have below-average leverage, attractive valuations, and a consistent shareholder value-oriented track record. The Strategy predominantly invests in dividend-paying companies and uses call options in an attempt to create incremental income and reduce portfolio volatility. The Strategy seeks to make income a more significant component of the total investment return and targets long term risk-adjusted returns versus long-only equities. The goal is a portfolio that generates a higher-than-average annual income with a target of 6-8% annual income.

**Van Hulzen Small Cap Strategy** uses a “Growth at a Reasonable Profile” approach, which basically means our process focuses on quality and is not speculative. A “reasonable profile” means the business must be established and already profitable, earning returns above its cost of capital. Beyond these simple parameters, we look for companies that are leaders in their industries, expanding rapidly (2-3x the market), and consistently beating expectations for growth.

## **Material Risks Involved**

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment’s current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer’s operations or its financial condition.

**Strategy Risk:** The Adviser’s investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client’s portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account’s performance.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities’ claim on the issuer’s assets and finances.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

## **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Commodities** involve unique risks that may be distinct from those that affect stocks and bonds, including but not limited to worldwide supply and demand factors, weather conditions, currency movements, and international government policies regarding commodity reserves and choice of currency for commodity pricing. Commodities investments may also involve unique risks inherent to investing in derivatives which may include basis, roll, liquidity, and regulatory risks. A detailed explanation of the risks is available in the prospectus of the respective commodity fund. Commodity pools may be subject to different regulatory requirements than traditional funds governed by the Investment Company Act of 1940.

**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Business Development Companies** can have limited liquidity and a redemption plan that is subject to suspension, modification and/or termination at any time, liquidations at less than the original amount invested, distributions that are not guaranteed in frequency or amount and may be paid from other sources than earnings, and limited operating history and reliance on the advisor, conflicts of interest, and payment of substantial fees to the advisor and its affiliates

**Hard Assets** such as precious metals, oil and gas, real estate and/or agricultural commodities may be affected by geopolitical and environmental factors and are cyclical in nature. During periods of economic or financial instability, hard asset securities and other instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various hard assets. Hard asset securities, hard asset companies, and other instruments may also experience greater price fluctuations than the relevant hard asset. In periods of rising hard asset prices, such securities or instruments may rise at a faster rate, and conversely, in time of falling hard asset prices, such securities may suffer a greater price decline.

**Real-Estate linked investments** may be especially illiquid and subject to specific geographic risk. Real estate-related investments (and the ETFs, mutual funds, or private funds that hold them) may be adversely affected by factors affecting the real estate industry, which may include changes in interest rates and social and economic trends. Real Estate Investment Trusts ("REITs") may also be subject to the risk of fluctuations in income from underlying real estate assets, poor performance by the REIT's manager, prepayments and defaults by borrowers, adverse changes in tax laws, and, with respect to U.S. REITs, their failure to qualify for the special tax treatment granted to REITs under the Internal Revenue Code of 1986 and/or to maintain exempt status under the Investment Company Act of 1940.

**Non-Traded REIT** includes (i) A REIT that is registered with the Securities and Exchange Commission (SEC) but is not listed on an exchange or over-the-counter market (non-exchange traded REIT); or, (i) a REIT that is sold pursuant to an exemption to registration (Private REIT). Non-traded REITs are generally blind pool investment vehicles. Blind pools are limited partnerships that do not explicitly state their future investments prior to beginning their capital raising phase. During this period of capital-raising, non-traded REITs often pay distributions to their investors. The risks of non-traded REITs are varied and significant. Because they are not

exchange-traded investments, they often lack a developed secondary market, thus making them illiquid investments. As blind pool investment vehicles, non-traded REITs' initial share prices are not related to the underlying value of the properties. This is because non-traded REITs begin and continue to purchase new properties as new capital is raised. Thus, one risk for non-traded REITs is the possibility that the blind pool will be unable to raise enough capital to carry out its investment plan. After the capital raising phase is complete, non-traded REIT shares are infrequently re-valued and thus may not reflect the true net asset value of the underlying real estate investments. Non-traded REITs often offer investors a redemption program where the shares can be sold back to the sponsor; however, those redemption programs are often subject to restrictions and may be suspended at the sponsor's discretion. While non-traded REITs may pay distributions to investors at a stated target rate during the capital-raising phases, the funds used to pay such distributions may be obtained from sources other than cash flow from operations, and such financing can increase operating costs.

**Variable Annuity** is a contract between the investor and an insurance company, under which the investor makes a lump-sum payment or series of payments. In return, the insurer agrees to make periodic payments to the investor beginning immediately or at some future date. A variable annuity offers a range of investment options, and the value of the investment will vary depending on the performance of the underlying investments. Variable annuities offer insurance and death benefits, as well as tax deferred growth of earnings. The fee and expense charges incurred in a variable annuity are higher than a mutual fund.

**Oil and Gas Interests** may lose value due to changes in commodity prices, costs associated with the transport of oil/gas, seasonal factors or technological advances that impact the demand for oil and gas.

**Options and other derivatives** carry many unique risks, including time-sensitivity, and can result in the complete loss of principal. While covered call writing does provide a partial hedge to the stock against which the call is written, the hedge is limited to the amount of cash flow received when writing the option. When selling covered calls, there is a risk the underlying position may be called away at a price lower than the current market price.

**Exchange Traded Funds** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which clients invest.

## Item 9: Disciplinary Information

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Van Hulzen Asset Management or the integrity of our management. We have no information applicable to this Item.

## Item 10: Other Financial Industry Activities and Affiliations

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Van Hulzen Asset Management has a material relationship with Wedbush Capital, owner of Wedbush Securities, Wedbush Asset Management and Wedbush Bank. Van Hulzen Asset Management provides consulting and advisory services to Wedbush Asset Management.

It is further disclosed that Van Hulzen Asset Management is 100% owner of MW Investment Strategy, a California Corporation registered as an investment adviser with the U.S. Securities and Exchange Commission. MW Investment Strategy employs Van Hulzen Asset Management as a sub-adviser to its clients.

Additionally, Van Hulzen Asset Management is 100% owner of Citadel Family Insurance Solutions LLC, an insurance agency. Van Hulzen Asset Management may act as insurance agents for Citadel Family Insurance Solutions LLC. Any commissions received through life or health insurance sales do not offset advisory fees the client may pay for advisory services under Van Hulzen Asset Management. While they always endeavor to put the interest of our clients first as part of our firm's fiduciary duty, you should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect their judgment when making recommendations. Van Hulzen Asset Management may refer clients to Citadel Family Insurance Solutions, LLC; however, Van Hulzen Asset Management clients are not obligated to purchase insurance products from Citadel Family Insurance Solutions LLC.

Associates of Van Hulzen Asset Management are licensed as independent insurance agents and appointed through various insurance companies to offer life insurance. Independent insurance agents may receive commissions or other types of compensation for the sale of insurance. The potential for and actual receipt of commissions gives the insurance agent an incentive to recommend insurance products based on the compensation received, rather than on the client's needs. However, they only recommend insurance that they believe is appropriate for the client. If you have any questions regarding the compensation to be received when recommending insurance, please ask your representative. You are under no obligation to purchase insurance through any Van Hulzen Asset Management representative.

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

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Van Hulzen Asset Management has adopted a written Code of Ethics in compliance with SEC rule 204A-1. The code sets forth standards of conduct and required compliance with federal securities laws. Our code also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of Van Hulzen Asset Management. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

From time to time, Van Hulzen Asset Management may cause clients to buy a security in which it or an associated person has an ownership position, or Van Hulzen Asset Management or an associated person may purchase a security of the same class as securities held in a client's account. It is Van Hulzen Asset Management policy not to permit associated persons (or certain of their relative) to trade in a manner that takes advantage of price movements caused by clients' transactions.

From time to time, trading by Van Hulzen Asset Management and its associated persons (and certain of their relatives) in particular securities may be restricted in recognition of impending investment decisions on behalf of clients. If transaction orders for a client and Van Hulzen Asset Management (and/or its associated persons and relatives) that are to be executed on the same day are not aggregated (see discussion under Item 12.A. and 13), then transaction orders for Van Hulzen Asset Management and its associated persons will be the last orders filled.

Van Hulzen Asset Management and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.

It is further noted that Van Hulzen Asset Management is in and shall continue to be in total compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, Van Hulzen Asset Management has adopted a firm-wide policy statement outlining insider trading compliance by Van Hulzen Asset Management and its associated persons and other employees. This statement has been distributed to all associated persons and other employees of Van Hulzen Asset Management and has been signed and dated by each such person. A copy of such firm-wide policy is left with such person and the original is maintained in a master file.

Further, Van Hulzen Asset Management has adopted a written supervisory procedures statement highlighting the steps which shall be taken to implement the firm-wide policy. These materials are also distributed to all associated persons and other employees of the Firm, are signed, dated, and filed with the insider trading compliance materials. There are provisions adopted for (1) restricting access to files, (2) providing continuing education, (3) restricting and/or monitoring trading on those securities of which Van Hulzen Asset Management employees may have non-public information, (4) requiring all of Van Hulzen Asset Management employees to conduct their trading through a specified broker or reporting all transactions promptly to Firm, and (5) monitoring the securities trading of the firm and its employees and associated persons.

## Investment Advice Relating to Retirement Accounts

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we 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 we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

In addition, and as required by this rule, we provide information regarding the services that we provide to you, and any material conflicts of interest, in this brochure and in your client agreement.

## Item 12: Brokerage Practices

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### Factors Used to Select Custodians and/or Broker/Dealers

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account for payment of our advisory fees (see "Item 15: Custody"). Your assets must be maintained in an account at a "qualified custodian," generally a broker/dealer or bank. Van Hulzen Asset Management may recommend that clients establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, Member SIPC/NYSE, to maintain custody of clients' assets and to effect trades of their accounts. We are not affiliated with Schwab. While we request that you use Schwab, you will decide whether to do so and will open your account with the custodian by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

In recommending custodians, we have an obligation to seek the "best execution" of transactions in Client accounts. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the custodian's services. The factors we consider when evaluating a custodian for best execution include, without limitation, the custodian's:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, and settle trades (buy and sell securities for your account);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);

- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.);
- Availability of investment research and tools that assist us in making investment decisions;
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength, security and stability;
- Prior service to us and our clients.

Van Hulzen Asset Management performs investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by Van Hulzen Asset Management, some of which accounts may have similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when Van Hulzen Asset Management believes that to do so will be in the best interest of the affected accounts. When such concurrent authorizations occur, the objective will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

#### *Affiliated Broker/dealer*

Van Hulzen Asset Management may purchase or sell securities for client accounts through the affiliated broker/dealer, Wedbush Securities, Inc. This affiliated brokerage relationship may raise potential conflicts of interest between Van Hulzen Asset Management, Wedbush, and Van Hulzen Asset Management clients. For example, using an affiliated broker/dealer may provide an incentive to cause a larger number of transactions to be executed through Wedbush than would otherwise be the case and could be considered to cause transactions to be executed through Wedbush that might be more favorably executed through another broker/dealer. To guard against such conflicts, Van Hulzen Asset Management has adopted policies and procedures to ensure that all client trades executed through Wedbush obtain best execution and are made in compliance with the applicable regulatory requirements.

#### **Research and Other Soft-Dollar Benefits**

Van Hulzen Asset Management may use soft dollars to acquire a variety of “research” and “brokerage” services and products for which a client would not otherwise be required to pay. A federal statute, Section 28(e) of the Securities Exchange Act of 1934, recognizes the potential conflict of interest involved in this activity but protects investment managers such as Van Hulzen Asset Management from claims that it involves a breach of fiduciary duty to advisory clients—even if the brokerage commissions paid are higher than the lowest available—if certain conditions and requirements are met. For these purposes, “research” means services or products used to provide lawful and appropriate assistance to Van Hulzen Asset Management in making investment decisions for clients. Brokerage services and products are those used to effect securities transactions for clients or to assist in effecting those transactions. To be protected under Section 28(e), Van Hulzen Asset Management must, among other things, determine that commissions paid are reasonable in light of the value of the brokerage and “research” services and products acquired. Section 28(e)’s “safe harbor” protects the use of client soft dollars even when the research and brokerage services and products



acquired are used in making and implementing investment decisions and transactions for other clients. Notwithstanding this protection, Van Hulzen Asset Management could be considered to have a conflict of interest when it uses soft dollars in this way because it might otherwise pay cash for those services and products and Van Hulzen Asset Management may have an incentive to use broker/dealers who provide those products and services more than it otherwise would. The types of “research” Van Hulzen Asset Management expects to acquire include under the Section 28(e) safe harbor include: reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial publications; portfolio evaluation services; financial database software and services; computerized news, pricing and order-entry services; analytical software; proxy analysis services and systems, quotation equipment and other computer hardware for use in running software used in investment decision making; and other products or services that may enhance investment decision making. Brokerage services and products (beyond typical execution services) include computer systems and facilities used for such things as communicating orders electronically to executing broker/dealers.

Where a particular service or product that a broker or dealer is willing to provide for soft dollars has not only a “research” application but is also useful to Van Hulzen Asset Management for “non-research” purposes, Van Hulzen Asset Management may allocate the cost of the product or service between its “research” and “Non-Research” uses and pay only the “research” portion with soft dollars. Van Hulzen Asset Management interest in making such allocations may differ from clients’ interests in that Van Hulzen Asset Management has an incentive to designate as great a portion of the cost as “research” as possible in order to permit payment with soft dollars.

*Other Services and Products.* Where a client has consented, soft dollars may also be used to acquire services and products that provide benefits to Van Hulzen Asset Management and that may not qualify as “research” and/or to pay expenses otherwise payable by Van Hulzen Asset Management. These may include hardware and software used in administrative activities. Van Hulzen Asset Management may use some clients’ soft dollars to pay such expenses and not others. Using soft dollars for such purposes would not be protected by Section 28(e) and Van Hulzen Asset Management would have a conflict of interest in doing so, as it would have an incentive to use broker/dealers who provide or pay for products and services for which Van Hulzen Asset Management would otherwise have to pay cash. Further, if soft dollars are limited, Van Hulzen Asset Management may have an incentive to cause those expenses to be paid with soft dollars while the clients pay their own expenses (such as custody and recordkeeping) with cash, rather than through “direct brokerage”, as discussed below.

*Review.* Van Hulzen Asset Management monitors transaction results as orders are executed to evaluate the quality of execution provided by the various brokers and dealers it uses, to determine that compensation rates are competitive and otherwise to evaluate the reasonableness of the compensation paid to those brokers and dealers in light of all the factors described above. Schwab Advisor Services™ is Schwab’s business serving independent investment advisory firms like us. They provide our Clients and us with access to their institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our Clients’ accounts, while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. The benefits received by Van Hulzen Asset Management or its personnel do not

depend on the number of brokerage transactions directed to Schwab. As part of its fiduciary duties to Clients, Van Hulzen Asset Management at all times must put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by Van Hulzen Asset Management or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Van Hulzen Asset Management's choice of Schwab for custody and brokerage services. This conflict of interest is mitigated as Van Hulzen Asset Management regularly reviews the factors used to select custodians to ensure our recommendation is appropriate. Following is a more detailed description of Schwab's support services:

1. Services that benefit you. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our Clients. Schwab's services described in this paragraph generally benefit you and your account.
2. Services that may not directly benefit you. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our Clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our Clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:
  - provide access to Client account data (such as duplicate trade confirmations and account statements)
  - facilitate trade execution and allocate aggregated trade orders for multiple Client accounts
  - provide pricing and other market data
  - facilitate payment of our fees from our Clients' accounts
  - assist with back-office functions, recordkeeping, and Client reporting
3. Services that generally benefit only us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:
  - Educational conferences and events
  - Consulting on technology, compliance, legal, and business needs
  - Publications and conferences on practice management and business succession
4. Your brokerage and custody costs. For our Clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees.

### **Brokerage for Client Referrals**

In selecting a broker, Van Hulzen Asset Management may consider a broker's referrals of investors to partnerships sponsored by Van Hulzen Asset Management or advisory clients to Van Hulzen Asset Management, the potential for future referrals, and/or a broker/dealer's willingness to pay third-party finders for such referrals. The conflict of interest involved in using soft dollars to pay for these types of services and products and to defray these types of expenses is also not protected by the Section 28(e) "safe harbor."

*Procedures.* Brokers from which Van Hulzen Asset Management obtains soft dollar services or products generally establish "credits" based on past brokerage business, which may be used to pay or reimburse Van

Hulzen Asset Management for specified expenses. In some cases, a broker may suggest a level of future business that would fully compensate the broker for services or products it provides. The actual transactional business with a broker may be less than the suggested level but can—and often will—exceed that level, and “credits” established may exceed the amounts used to acquire services and products. This may be in part because investment activities generate aggregate commissions in excess of the aggregate suggested by brokers providing services and products. And it may be in part because those brokers may also provide superior execution and may therefore be most appropriate for particular transactions. Van Hulzen Asset Management may also ask a broker who is executing a transaction to “step out” of a portion of the transaction in favor of a broker who has provided or is willing to provide products or services for soft dollars. That is, the executing broker will allow a portion of the overall commissions or other compensation to be paid to the soft-dollar broker. This assists Van Hulzen Asset Management in acquiring products and services with soft dollars while continuing to obtain best execution.

These procedures are generally consistent with the requirements of Section 28(e) when the products or services acquired constitute “research.” However, Section 28(e)’s “safe harbor” is not available where transactions are executed on a principal basis, as most transactions with market makers in over-the-counter securities are, with a markup or markdown paid to the broker/dealer.

#### **Clients Directing Which Broker/Dealer/Custodian to Use**

Some clients may instruct Van Hulzen Asset Management to use one or more particular brokers or dealers for some of the transactions in their accounts. Clients who may want to direct Van Hulzen Asset Management to use a particular broker/dealer should understand that their direction may prevent Van Hulzen Asset Management from aggregating orders with other clients or from effectively negotiating brokerage compensation on their behalf, and they may even prevent Van Hulzen Asset Management from obtaining the most favorable net price and execution. Thus, in directing brokerage business, those clients may lose possible advantages that non-designating clients may have, and they should consider whether the commission expenses, and execution, clearance, and settlement capabilities, they will obtain through their directions are adequately favorable in comparison to those that otherwise will be attained for clients to justify their direction of their brokerage business.

#### **Aggregating (Block) Trading for Multiple Client Accounts**

Generally, we combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as “block trading”). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion, regarding particular circumstances and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

# Item 13: Review of Accounts

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## For Consultation Clients

Investment advice furnished via hourly consultations, or a one-time investment analysis is performed at the specific request of the client.

The level of review is directed by the client but typically includes ensuring that asset allocations and specific securities are within their targeted ranges based on an assessment of the client's risk tolerance and goals and advising the client on how to rebalance the portfolio by recommending adjustments to the investments.

## For On-Going Investment Supervisory Clients

For accounts that receive on-going investment supervisory services, complete account reviews are performed on a regular basis; the individual holdings are reconciled daily. Other triggering factors include specific requests made by clients; marked increases or decreases in an asset category which would lead to an asset allocation imbalance; notification by the client of a change in the client's goals, objectives or risk tolerances; and the replacement of a specific investment from an internally researched and approved security list.

The level of review includes ensuring that asset category allocations and specific securities are within their targeted ranges based on an in-depth assessment of the client's risk tolerance and goals and rebalancing the portfolio by making adjustments in the investments on a discretionary basis. The service also includes reviews performed directly with the client as often as the client requests. For Van Hulzen Asset Management, one of sixteen professionals will perform reviews on the accounts. The reviewers are:

<b>Craig Van Hulzen</b> , Founder & Chairman	CRD# 2468474
<b>Bradley Nicholson</b> , CFP®, President	CRD# 4846561
<b>Paul Nederveld</b> , CPA, Director of Business Operations & Chief Compliance Officer	CRD# 7194915
<b>Rhett Beal</b> , ChSNC® Vice President	CRD# 6414026
<b>Jarrod Jacobi</b> , AWMA®, Senior Financial Advisor	CRD# 2582025
<b>Amber Adams</b> , Director of Client Services and Financial Advisor	CRD# 7383509
<b>Gretchen Aubrey</b> , Research Analyst	CRD# 6645498
<b>Sean Sowers</b> , Client Advisory Services Associate	CRD# 2615843
<b>John Pearce</b> , Managing Director	CRD# 4503062
<b>Stefan ten Brink</b> , Managing Director	CRD# 5902795
<b>Christopher Schreur</b> , Financial Advisor	CRD# 2305620
<b>Jason Wetsel</b> , Financial Advisor	CRD# 5125218
<b>Sean Borchardt</b> , Investment Advisor Representative	CRD# 4498256
<b>Nicole Zetouna</b> , CRPC®, Financial Advisor	CRD# 2578691
<b>Roshelle Limoncelli</b> , Licensed Client Service Specialist	CRD# 2115058
<b>Shirley Burrows</b> , Licensed Client Service Specialist	CRD# 1728308

Clients are responsible for keeping Van Hulzen Asset Management informed as to any personal changes in their financial condition. Van Hulzen Asset Management cannot make any material changes to a client's

portfolio if it is not informed of a client's particular developments. Clients are reminded to inform Van Hulzen Asset Management of any changes to their financial condition at least quarterly.

Clients that receive investment advice on an hourly consultative basis or one-time investment analysis basis do not receive regular reports on their accounts.

For clients that receive investment supervisory services on a discretionary basis, regular reports and information updates will be delivered on a quarterly basis and at the end of each calendar year. In addition, clients receive monthly statements from the account custodian that list all account positions, market values and all activity in the account for the month. The custodian sends transaction confirmations to clients for all trades that occur in the client's account(s).

## Item 14: Client Referrals and Other Compensation

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

We also employ solicitors to whom we will pay cash, or a portion of the advisory fees paid by clients referred to us by those solicitors. In such cases, this practice will be disclosed in writing to the client and Van Hulzen Asset Management will comply with the other requirements of Rule 206(4)-1, under the Investment Advisers Act of 1940, as amended.

### **Participation in Schwab Advisor Network®**

Van Hulzen Asset Management receives client referrals from Schwab through Van Hulzen Asset Management participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Johson. Schwab does not supervise Van Hulzen Asset Management and has no responsibility for Van Hulzen Asset Management of clients' portfolios or Van Hulzen Asset Management other advice or services. Van Hulzen Asset Management pays Schwab fees to receive client referrals through the Service. Van Hulzen Asset Management participation in the Service may raise potential conflicts of interest described below.

Van Hulzen Asset Management pays Schwab a Participation Fee on all Schwab Advisor Network referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Van Hulzen Asset Management is a percentage of the fees the client owes to Van Hulzen Asset Management or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Van Hulzen Asset Management pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Van Hulzen Asset Management quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Van Hulzen Asset

Management and not by the client. Van Hulzen Asset Management has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Van Hulzen Asset Management charges clients with similar portfolios who were not referred through the Service.

Van Hulzen Asset Management generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, Van Hulzen Asset Management will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Van Hulzen Asset Management clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Van Hulzen Asset Management will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Van Hulzen Financial Advisors' fees directly from the accounts.

For accounts of Van Hulzen Asset Management clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Van Hulzen Asset Management clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Van Hulzen Asset Management may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Nevertheless, Van Hulzen Asset Management acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Van Hulzen Asset Management other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Also, we receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the referral arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## Item 15: Custody

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Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and

compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. For clients who have their advisory fee directly debited from the account, on a quarterly basis they will receive an itemized invoice for their advisory fee that includes the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

## Item 16: Investment Discretion

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For those client accounts where we provide ongoing money management or investment advice with ongoing supervision, we maintain limited power of authority over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute a Limited Power of Attorney which will grant our firm discretion over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client.

## Item 17: Voting Client Securities

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We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Item 18: Financial Information

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding. We currently do not require prepayment of more than \$1,200 in fees, six months or more in advance.