

**Item 1: Cover Page**  
**Part 2A of Form ADV: Firm Brochure**  
**March 2024**



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This brochure provides information about the qualifications and business practices of TAP Consulting, LLC *dba* Genex Consulting and *dba* Panoptic Wealth Advocates. If clients have any questions about the contents of this brochure, please contact us at (314) 590-5900 or through our website at [www.genexstl.com](http://www.genexstl.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #145772.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes

Genex Consulting is required to make clients aware of information that has changed since the last annual update to the Firm Brochure (“Brochure”) and that may be important to them. Clients can then determine whether to review the brochure in its entirety or to contact us with questions about the changes.

Since the last annual amendment filed on 03/30/2023, there have been no material changes to our Form ADV Part 2.

## Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	2
Item 4: Advisory Business .....	3
Item 5: Fees & Compensation.....	9
Item 6: Performance-Based Fees & Side-By-Side Management.....	12
Item 7: Types of Clients & Account Requirements .....	12
Item 8: Methods of Analysis, Investment Strategies & Risk of Loss .....	12
Item 9: Disciplinary Information .....	18
Item 10: Other Financial Industry Activities & Affiliations.....	18
Item 11: Code of Ethics, Participation or Interest in.....	18
Item 12: Brokerage Practices .....	19
Item 13: Review of Accounts or Financial Plans.....	24
Item 14: Client Referrals & Other Compensation.....	24
Item 15: Custody.....	25
Item 16: Investment Discretion.....	26
Item 17: Voting Client Securities.....	26
Item 18: Financial Information .....	26

## Item 4: Advisory Business

Our firm is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed under the laws of the State of Missouri in 2007. Our firm is owned by Michael J. Sluhan, CFP® (1/3) and Brian A. Redders (1/3) and Chad M. Hemphill (1/3).

Brian and Mike's friendship began in the fall of 1994 when they pledged the same fraternity at Northeast Missouri State University (now Truman State). The fraternity house had a red door, which simply meant that you were always welcome. Brian and Mike became acquainted with Chad in 2002 while all were affiliated with Sagemark Consulting. This longstanding friendship and mutual respect for business acumen is what allowed the merger in 2018 to become a reality. The name Genex speaks to our mission statement and is a combination of the words "Generation" and "Next."

- **"Next"** challenges each member of our team to continuously strive to stay cutting edge. We believe in doing tomorrow's planning today. It is our commitment to continue to lead as the industry evolves and remain proactive with all clients so their planning is always up to date.
- **"Generation"** has multiple meanings to our firm. First, we are equipped to consult and understand the needs of any client; within any generation. Age is never a factor at Genex. We have clients in their 20's, 30's, 40's, 50's, 60's, 70's, 80's and 90's. Several clients even have family members over 100 years old! We have experience working with clients at all life stages.

Our planning is also multigenerational. Decisions made with one generation impact the current generation as well as multiple generations to come. We often work "upstream" with our clients; incorporating their parents and grandparents planning, as well as "downstream" coordinating the planning of their children and grandchildren. We believe a generational approach to planning is vital to each client.

### Management Team

- **Michael J. Sluhan, CFP®**

Mike began his career in the financial services industry in 1998 after graduating from Northeast Missouri State University (now Truman State) with a Bachelor of Science in Business Finance. Mike also holds the CERTIFIED FINANCIAL PLANNER™ certification and serves on the Algonquin Board of Directors.

- **Brian A. Redders**

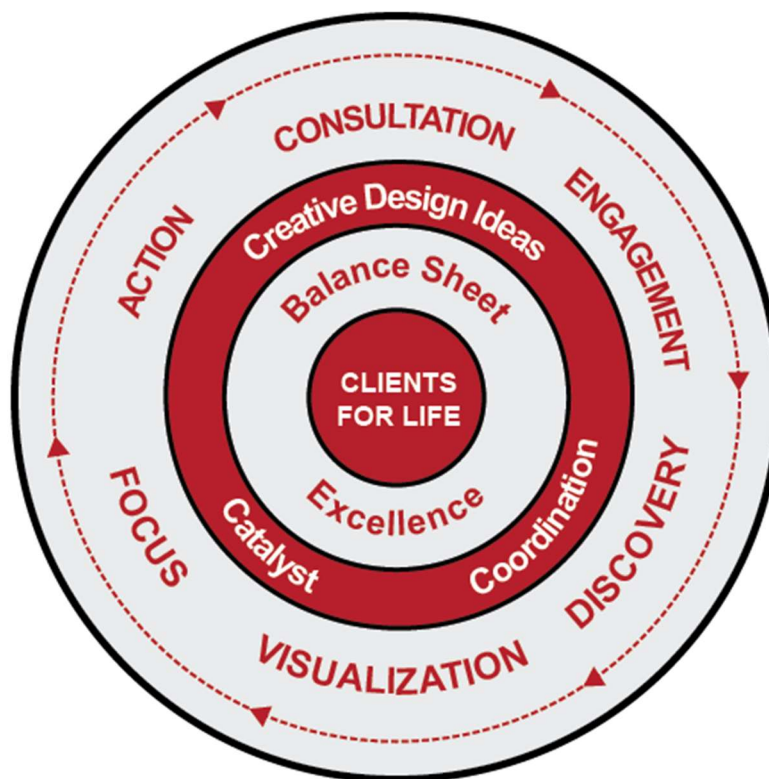
Brian began his career in the financial services industry in 1998 after graduating from Northeast Missouri State University (now Truman) with a Bachelor of Science in Business Administration. Brian also enjoys volunteering and has been a Board Member for a number of charities.

- **Chad M. Hemphill**

Chad began his career in the financial services industry in December 1996 after attending Southeast Missouri State University studying Finance.

## Our Process

Genex Consulting provides financial planning and fee based investment advisory services for compensation primarily to individual clients and high-net worth individuals based on the goals, objectives, time horizon, and risk tolerance of each client. We have created and fine-tuned a unique wealth planning process — constantly striving to stay ahead of industry “standards” and deliver a better experience for our clients. We are quite proud of our process and dedication to improve it. We look forward to the opportunity to share it with you.



- **Consultation**—We are prudent in selecting the quality of clients with whom we work, only committing to those we believe we can best serve. The purpose of the initial consultation is simply to determine if we are a good fit for each other. We want to get to know you and learn about your goals and aspirations. Likewise, we want to share our integrated wealth planning approach with you and answer your initial questions. Our hope is to arm you with enough information to help you make an informed decision about something as important as your financial partner. The goal of this meeting is simply to determine if we should meet again.
- **Engagement**—We believe transparency is of the utmost importance. Our second meeting will be dedicated to laying out our detailed proposal which explains why we believe it makes sense to add us to your team as well as the specific costs involved. At the end of this meeting, you will have the choice to engage Genex Consulting as your wealth planning partner. We hope to have earned the right for you to feel comfortable making that choice.
- **Discovery**—The goal of this meeting is to get a more comprehensive picture of your finances. Prior to our discovery meeting, we will collect, organize and analyze all of your important financial and

legal documents. A Document Checklist is created so you know what is needed to perform true holistic planning. Collecting information prior to our meeting gives us the opportunity to prepare questions to clarify anything that is unclear in the documents. The Discovery meeting also gives us the opportunity to ask questions so we can better get to know you.

- **Visualization**—What if you could see how your choices today affect your financial future? At the visualization meeting, we will bring your current financial status to life. We will illustrate your written goals and objectives, as we understand them, as well as review preliminary financial models. The goal of this meeting is to ensure we have not missed anything in truly understanding who you are, what you want to accomplish and where you stand on your financial journey. Before we can begin to design your plan, we must confirm we understand all these items.
- **Focus**—The next step is to present our recommendations to you. Once we have collaborated with the rest of your key advisors, we will present you with our observations and recommendations in each planning area. Our goal is to outline complex strategies in a straightforward manner and work with you to prioritize the action items. Depending on the complexity of the situation, we may conduct several focus meetings in order to avoid the risk of “information overload”. Each planning area is too important to rush and we want our clients to have enough information to make the very best decisions for themselves and their loved ones.
- **Action**—We will plan a series of implementation meetings to put your plan in motion. Our promise to you is to do whatever it takes to get the job done. These meetings often involve your other key advisors to wrap up tax, legal and additional planning implementation.
- **Balance Sheet Excellence**—Your life’s work is serious business and it’s worth protecting. We believe you should never be more than a click away from up-to-date balance sheets and proof that everything is set up correctly. Our clients receive a personal and secure website where they can access net worth statements that are updated daily, as well as an online vault where important documents such as contracts, leases, titles and beneficiary designations are safely housed. It’s just one of the ways we provide life-changing clarity for our clients.
- **Clients for Life**—With great responsibility comes great reward. Our goal is to develop mutually beneficial relationships with our client and their families for life. On an annual basis, we will evaluate the need for ongoing planning services. Clients that choose to renew our services will meet with us at minimum two times per year to reevaluate their plan and discuss opportunities for improvement that arise due to changes in life, the economy and tax laws. As your wealth planning partner, we are available to help you at any time. We will consistently strive to provide superior wealth management services for you and your family so you are free to experience life to the fullest.

Advisor representatives are restricted to providing services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client. Advisors are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client.

## Purpose

The purpose of this Brochure is to disclose the conflicts of interest associated with the investment transactions, compensation and any other matters related to investment decisions made by our firm or its representatives. As a fiduciary, it is our duty to always act in the client’s best interest. This is accomplished

in part by knowing our client. Our firm has established a service-oriented advisory practice with open lines of communication for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

## **Types of Advisory Services Offered**

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### **Asset Management:**

As part of our Asset Management service, a portfolio is created, consisting of individual stocks, bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client’s individual needs, stated goals and objectives.

### **Financial Planning:**

Our firm provides a variety of financial planning services to clients for the management of financial resources based upon an analysis of current situation, goals, and objectives. Financial planning services will typically include, but not limited to, a review of a net-worth statement, cash-flow statement, review of investment accounts (including reviewing asset allocation and providing repositioning recommendations), strategic tax planning, review of retirement accounts and plans as well as review of insurance policies and recommendations for changes.

More specifically, financial planning services include the following:

- **Financial Independence Planning** — planning an investment strategy with the objective of providing inflation- adjusted income for life.
- **Estate Planning** – planning that focuses on the most efficient and tax friendly option to pass on an estate to a spouse, other family members or a charity.
- **Business Succession** – planning for the continuation of a business in as smooth a transition as possible with the use of buy-sell agreements, key-man insurance and engaging independent legal counsel as needed.
- **Investment Planning** – planning an investment strategy consistent with particular objectives, time horizons and risk tolerances.
- **Executive Compensation Planning** – planning a well-balanced compensation package to attract and retain critical executives that is considered reasonable to the shareholders, public perception and likely to be approved by the board members
- **Risk Management Planning** – planning an asset allocation strategy according to a client’s risk tolerance, time horizon and investment objectives.

## **Retirement Plan Consulting:**

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education. Retirement Plan Consulting services typically include:

- Establishing an Investment Policy Statement – Our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring –The performance of the investments will be monitored.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”). All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

## **Retirement Plan Rollovers**

When leaving an employer, you typically have four options regarding your existing retirement plan: (1) leave the assets in the former employer’s plan, if permitted, (2) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (3) roll over the assets to an Individual Retirement Account (“IRA”), or (4) take a full withdrawal in cash, which would result in ordinary income tax and a penalty tax if you are under age 59½.

If your IAR recommends that you roll over your 401(k) or other qualified plan assets to an IRA, this rollover recommendation presents a conflict of interest in that we and your IAR would receive compensation (or may increase current compensation) when investment advice is provided following your decision to roll over your plan assets. Your IAR will discuss your retirement plan options including retention of your 401(k) or qualified plan assets with your current plan, if allowed. Prior to making a decision you should carefully review the information regarding your rollover options and are under no obligation to rollover retirement plan assets to an account managed by us.

## General Disclosure Regarding ERISA and Qualified Accounts

If an advisory account is subject to the provisions of ERISA or certain tax deferred treatment under the Internal Revenue Code (collectively, “Qualified Accounts”) we and our IARs who act as a fiduciary by providing investment advice for such Qualified Accounts are generally prohibited from receiving both an advisory fee and any transaction-based compensation unless in compliance with applicable prohibited transaction exemptions under ERISA or the IRC or authorized by the U.S. Department of Labor.

You will represent that the Qualified Account and any instructions given by you regarding the Qualified Account are consistent with applicable Plan documents, including any investment policies, guidelines, or restrictions. You will provide us with a copy of all relevant documents and agree that the advisory program you have selected is consistent with those documents. You will notify us, promptly in writing, of any changes to any of the Plan’s investment policies, guidelines, or restrictions, or other Plan documents pertaining to investments by the Plan. If the assets in the Qualified Account constitute only a part of your Plan assets, you shall provide us with documentation of any of the Plan’s investment guidelines or policies that affect the Qualified Account. The compliance of any recommendation or investment your IAR makes for the Qualified Account with any such investment guidelines, policies, or restrictions shall only be determined on the date of the recommendation or purchase. You have the responsibility to give us prompt written notice if any investments made for the Qualified Account are inconsistent with such guidelines, policies, restrictions, or instructions.

You understand that the services that we perform shall have no effect on the assets of the Plan that are not in the Qualified Account, and that we shall have no responsibility for such other assets. We are not responsible for Plan administration or for performing any other duties that are not expressly set forth in the advisory agreement. You shall obtain and maintain at your own expense any insurance or bonds you deem necessary to cover yourself and any of your affiliates, officers, directors, employees, and agents in connection with the advisory agreement.

## **Tailoring of Advisory Services**

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Our firm offers individualized investment advice to our Asset Management clients. General investment advice will be offered to our Financial Planning, and Retirement Plan Consulting clients.

Each Asset Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

## **Participation in Wrap Fee Programs**

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Our firm does not offer or sponsor a wrap fee program.

## **Regulatory Assets Under Management**

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As of December 31, 2023, our firm manages \$605,481,331 of which \$505,307,410 is managed on a discretionary basis and \$100,173,921 on a non-discretionary basis.



## Item 5: Fees & Compensation

### Compensation for Our Advisory Services

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#### Asset Management:

The maximum annual fee charged for this service will not exceed 1.50%. Fees to be assessed will be further outlined in our firm's Asset Management Agreement to be signed by the Client. Fees are negotiable and will be deducted from Client account(s) by Genex Consulting except in rare cases when Genex Consulting will agree to directly invoice a Client. However, adjustments may be made under special circumstances as agreed to by both the client and the firm.

Fees are billed quarterly in advance based on all assets under management that reside in managed accounts (including cash) as of the last business day of the previous quarter ("Advance Billing"). The formula our firm uses to calculate Advance Billing is: **[Quarter End Value x Advisory Fee] / 360 x 90 Days**. Any assets maintained in a managed account that expressly documented in the client's Asset Management Agreement to be excluded from billing will not be included in calculating Advance Billing. Billing adjustments will be made at the end of a quarter to account for deposits and withdrawals during the quarter where there is a net sum greater than \$500 of deposited/withdrawn assets during the quarter (including all securities and cash), and only in instances in which the fee impact for each deposit or withdrawal is equal to or exceeds \$10.00 ("Billing Adjustments"). The formula our firm uses to calculate Billing Adjustments is: **[Amount of Flows (Debit or Credit) x Advisory Fee] / 4 quarters / the number of days in the applicable quarter x the number of days remaining in the quarter after the date of the Debit or Credit**.

Any assets maintained in a managed account that are expressly documented in the client's Asset Management Agreement to be excluded from billing will only be included in the Billing Adjustment calculation for those days that preceded the execution of the applicable Asset Management Agreement.

As part of this process, Clients understand the following:

- (a) Client provides authorization permitting Genex Consulting to be directly paid by these terms;
- (b) Client's independent custodian sends statements, at least quarterly, showing the market values for each security included in the assets and all account deposits and disbursements, including the amount of the advisory fees paid to Genex Consulting; and
- (c) Genex Consulting will send an invoice directly to the custodian. If Genex Consulting sends an invoice to the Client, a legend urging the comparison of information provided in the statement with those from the qualified custodian will be included.

Genex Consulting generally invests Client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, Genex Consulting will try to achieve the highest return on Client cash balances through relatively low-risk and conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that Genex Consulting may debit advisory fees for services rendered. Client understands and agrees that except as is expressly agreed to, Genex Consulting will bill on all cash balances held in managed accounts unless otherwise agreed to.

Should you hold an illiquid position in a managed account the firm may agree not to consider this position when calculating your advisory fee because Genex Consulting is limited in the management provided on the asset due to its lack of liquidity.

### **Financial Planning:**

Fees are based on an hourly or fixed fee basis for financial planning and services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Hourly fees shall not exceed \$250 per hour. Fixed fees shall not exceed \$75,000. Our firm requires a payment of 100% in advance upon signing a financial planning agreement. Financial Planning fees are payable by check to Genex Consulting. Our firm will agree to directly invoice for Financial Planning services. Please note that our firm charges only up to six (6) months in advance, and plans are rendered or reviewed within six (6) months of engagement. Our firm will send a letter to each financial planning client after twelve (12) months for renewal, and it is the Client who decides to continue utilizing our financial planning services. Clients may choose to have their fee paid from one of their investment accounts at their direction. If at any time Client's Financial Plan requires a major revision due to, a major business acquisition, sale, divorce, etc. an additional services addendum may be presented to the client. Such an addendum will outline the additional hours required to complete the plan and any additional fee to be assessed. Clients are under no obligation to sign an additional services addendum.

### **Retirement Plan Consulting:**

Our Retirement Plan Consulting services are billed as a percentage of assets in the plan. Fees based on a percentage of managed Plan assets will not exceed 1.00%. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement.

### **Other Types of Fees & Expenses**

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Clients will incur transaction fees for trades executed by their chosen custodian via individual transaction charges. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Schwab, does not charge transaction fees for U.S. listed equities and exchange traded funds.

Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

### **Disclosure of Additional Fees Associated with Mutual Funds**

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To the extent mutual funds are included as managed assets or other assets overseen by Genex Consulting, you should be aware that such funds also deduct their own advisory fees and expenses, which affects the fund's reported performance. Such fees are in addition to the fees charged to you relating to the various types of Advisory Services we offer. If you are invested in mutual funds, you will pay your share of these expenses, which are typically charged as a percentage of the asset value under management. All of a mutual fund's applicable fees are outlined in the mutual fund's prospectus and are deducted before you see the daily price of each share of the mutual fund.

Some internal expenses, such as the management fee and fund operating expenses, are retained by the mutual fund issuers or their affiliates. Expenses or costs like distribution fees (12b-1 fees), service fees and recordkeeping fees are paid to the custodian of your mutual fund assets. Neither Genex Consulting nor your financial advisor receives any portion of these fees on advisory accounts. However, when acting in their separate capacity as registered representatives of PCS, an unaffiliated broker-dealer, Genex's access persons may receive compensation related to distribution fees.

Related, mutual fund companies commonly offer multiple "share classes" of the same mutual fund. Different share classes in the same mutual fund are comprised of the same underlying basket of securities, but the share classes differ based on the associated fees and compensation structures. For example, a mutual fund's different share classes will often times include or exclude some of the fees mentioned above in this section (12b-1 fees, transaction costs, service fees, etc.). Some share classes are generally intended for use in brokerage accounts with transactional fees, while others are designed for advisory accounts, meaning there is no upfront or deferred sales charge and the internal expenses are reduced when compared to other share classes. Because each share class of the same mutual fund generally invests in the same portfolio of securities, an investor who holds a less expensive share class of a mutual fund will pay lower overall fees and as such, will earn higher investment returns than an investor who holds a more expensive share class of the same mutual fund.

It is in the best interest of our clients to own the lowest cost share class available. However, there will be times when Genex Consulting uses more than one share class of the same mutual fund in its various investment advisory programs and when clients are not invested in the lowest cost share class offered by a mutual fund company. This will occur when a client transfers in higher cost share classes from other firms into accounts Genex Consulting is overseeing or managing, when Genex Consulting is unable to purchase the lowest cost available share class for the client, when the client directs Genex Consulting to hold the higher cost mutual fund share class, when the benefits of purchasing the lower cost share class is eliminated based on the associated transaction costs to purchase the lower cost share class, or when doing so would create a tax consequence or other adverse consequence to the client, and in other situations that may not currently be contemplated. Genex Consulting has a process to review all mutual funds used at the firm quarterly to confirm that clients are holding the lowest cost share class of a mutual fund whenever possible and in their best interest, and works internally, with mutual fund companies and with our custodial firms, to bring consistency to the share classes used at the firm and to undertake all reasonable efforts to have clients invested in the lowest cost share class available to the firm.

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### **Termination & Refunds**

Either party may terminate the advisory agreement signed with our firm for Asset Management service in writing at any time. Upon notice of termination our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance.

Financial Planning clients may terminate their agreement at any time before the delivery of a financial plan by providing written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm.

Either party to a Retirement Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm

on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

### **Commissionable Securities Sales**

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Representatives of our firm are registered representatives of PCS Securities, Inc. (“PCS”), member FINRA/SIPC. As such they are able to accept compensation for the sale of securities or other investment products, including distribution or service (“trail”) fees from the sale of mutual funds. Clients should be aware that the practice of accepting commissions for the sale of securities presents a conflict of interest and gives our firm and/or our representatives an incentive to recommend investment products based on the compensation received. Our firm generally addresses commissionable sales conflicts that arise when explaining to clients these sales create an incentive to recommend based on the compensation to be earned and/or when recommending commissionable mutual funds, explaining that “no-load” funds are also available. Our firm does not prohibit clients from purchasing recommended investment products through other unaffiliated brokers or agents.

## **Item 6: Performance-Based Fees & Side-By-Side Management**

Our firm does not charge performance-based fees.

## **Item 7: Types of Clients & Account Requirements**

Our firm has the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit-Sharing Plans;
- Corporations, Limited Liability Companies and/or Other Business Types.

No minimum account value is required for the asset management services provided by the Advisor.

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

### **Methods of Analysis**

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis concentrates on factors that determine a company’s value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** involves the analysis of past market data; primarily price and volume. Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

More specifically, we tend to apply a balance between fundamental and technical analysis.

## **Investment Strategies We Use**

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Genex Consulting designs customized allocations for clients based on the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

**Allocation Models** - Typically, Genex Consulting uses allocation models (aggressive growth, growth, growth with income, income with moderate growth, and income with capital preservation) that are comprised of four asset categories (world equities, real estate, strategic income, and alternatives) with percentages in each of those categories. Primarily the asset categories consist of ETF's, some stocks and mutual funds. Your financial advisor will select the individual securities which are best suited to you in order to make up each asset category.

Genex Consulting has a version of the above stated allocation models for households with less than \$100,000 to allow for no transaction costs (usually done by eliminating mutual funds from that portfolio, to avoid \$15 transaction charges imposed by our custodian Charles Schwab & Co. Inc.).

**Annuities** – are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet retirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Environmental, Social and Governance** – there are no ESG considerations in our investment process.

**Equity** – investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environment.

**Exchange Traded Funds (ETFs)** – an ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Exchange-Traded Notes (ETNs)** – An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets,

for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.

**Fixed Income** – investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Hedge Funds and Managed Futures** – Hedge and managed futures funds are available for purchase in the program by clients meeting certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Client should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that client will be able to redeem the fund during the repurchase offer.

**Long-Term Purchases** – are securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Margin Accounts** – Client should be aware that margin borrowing involves additional risks. Margin borrowing will result in increased gain if the value of the securities in the account goes up but will result in increased losses if the value of the securities in the account goes down. The custodian, acting as the client's creditor, will have the authority to liquidate all or part of the account to repay any portion of the margin loan, even if the timing would be disadvantageous to the client. For performance illustration purposes, the margin interest charge will be treated as a withdrawal and will, therefore, not negatively impact the performance figures reflected on the quarterly advisory reports.

**Mutual Funds** – a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.

- **Open-End Mutual Funds** – a type of mutual fund that does not have restrictions on the amount of shares the fund will issue and will buy back shares when investors wish to sell. Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond

“fixed income” nature (lower risk) or stock “equity” nature

- **Closed-End Mutual Funds** – a type of mutual fund that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed and traded like a stock on a stock exchange. Clients should be aware that closed-end funds available within the program are not readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- **Alternative Strategy Mutual Funds** – Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund’s concentration in the real estate industry.

**Non-U.S. Securities** – present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Real Estate Investment Trusts (REITs)** – a REIT is a type of security that invests in real estate through property or mortgages to allow for an ownership interest in real estate ventures and commercial properties. The risks of such investments include raising interest rates and the potential for the underlying real estate venture to be unsuccessful as well as low occupancy rates for commercial properties. Non-traded REITs an additional liquidity risk and a lack of public information.

**Short-Term Purchases** – are securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Structured Products** – Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer’s ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer’s credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

**Unit Investment Trust (UIT)** – An investment company that offers a fixed, unmanaged portfolio,

generally of stocks and bonds, as redeemable "units" to investors for a specific period of time. It is designed to provide capital appreciation and/or dividend income. UITs can be resold in the secondary market. A UIT may be either a regulated investment corporation (RIC) or a grantor trust. The former is a corporation in which the investors are joint owners; the latter grants investors proportional ownership in the UIT's underlying securities.

**Variable Annuities** – If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.

Other investment types may be included as appropriate for a particular client and their respective trading objectives.

Analysis and strategies are generally based on:

- Publicly Available Data;
- A Client's Net Worth;
- Risk Tolerance;
- Goals for Investment Account Funds; and
- 3<sup>rd</sup> Party Research.

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## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, and that their assets are appropriately diversified in investments. Clients are encouraged to ask our firm any questions regarding their risk tolerance.

**Business Risk** – the measure of risk associated with a particular security. It is also known as unsystematic risk and refers to the risk associated with a specific issuer of a security. Generally speaking, all businesses in the same industry have similar types of business risk. More specifically, business risk refers to the possibility that the issuer of a particular company stock or a bond may go bankrupt or be unable to pay the interest or principal in the case of bonds.

**Call Risk** – the risk specific to bond issues and refers to the possibility that a debt security will be called prior to maturity. Call risk usually goes hand in hand with reinvestment risk because the bondholder must find an investment that provides the same level of income for equal risk. Call risk is most prevalent when interest rates are falling, as companies trying to save money will usually redeem bond issues with higher coupons and replace them on the bond market with issues with lower interest rates.

**Credit Risk** – the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

**Currency/Exchange Rate Risk** – the risk of a change in the price of one currency against another.

**Inflationary Risk** – the risk that future inflation will cause the purchasing power of cash flow from an investment to decline.



**Interest Rate Risk** – the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.

**Legislative Risk** – the risk of a legislative ruling resulting in adverse consequences.

**Liquidity Risk** – the possibility that an investor may not be able to buy or sell an investment as and when desired or in sufficient quantities because opportunities are limited.

**Market Risk** – the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries. This is a risk that will affect all securities in the same manner caused by some factor that cannot be controlled by diversification

**Private Placement Risks** – private placements are non-public offers and are not required to comply with registration requirements based on the Securities Act of 1933 Regulation D exemption. Such investments include the risk of losing a portion or the entire principal amount invested, a lack of public information and financial disclosures as well as liquidity risks related to not being publicly traded.

**Reinvestment Risk** – the risk that falling interest rates will lead to a decline in cash flow from an investment when its principal and interest payments are reinvested at lower rates.

**Taxability Risk** – the risk that a security that was issued with tax-exempt status could potentially lose that status prior to maturity. Since municipal bonds carry a lower interest rate than fully taxable bonds, the bond holders would end up with a lower after-tax yield than originally planned.

#### **Description of Material, Significant or Unusual Risks**

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

#### **Cybersecurity Risk**

The computer systems, networks and devices used by our firm to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices, infection from computer viruses or other malicious software code, and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client, impediments to trading, the inability by us and other service providers to transact business; violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other

compensation costs, or additional compliance costs, as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operations, banks, brokers, dealers and other financial institutions and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

### **Market Disruption, Health Crises, Terrorism and Geopolitical Risks**

Our firm is subject to the risk that war, terrorism, global health crises or similar pandemics, and other related geopolitical events increase short-term market volatility and may have adverse long-term effects on world economics and markets generally. These risks have previously led and may lead in the future to adverse effects on issuers of securities and the value of client's investments. This risk can increase exposure to a number of other risks described elsewhere in this section can increase.

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

## **Item 10: Other Financial Industry Activities & Affiliations**

Our firm's financial professionals are registered representatives of Private Client Services, LLC ("PCS"), an unaffiliated broker-dealer CRD# 120222, member FINRA/SIPC, and licensed insurance agents. Our firm's financial professional may offer clients brokerage services through PCS. PCS' fees are different from our firm's advisory fees. Registered representatives charge a transaction-based fee, commonly referred to as a commission, each time they buy or sell a security in a brokerage account. As a result, they have an incentive to trade as much as possible in order to increase their compensation. Our firm's financial professionals also include licensed insurance agents who sell insurance products for a commission. They have an incentive to recommend insurance products to you in order to increase their compensation. Our firm's financial professionals are compensated for 529 Plans and variable annuities processed through PCS. Some clients maintain legacy brokerage accounts outside of the aforementioned product types; however, our firm usually will not recommend products outside of 529 Plans or annuities to clients. To mitigate these potential conflicts, our firm will act in the client's best interest. Please ask your advisor for more information about brokerage and insurance products, and the compensation advisors earn for recommending those products.

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

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying

principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm may buy or sell securities for themselves at the same time they buy or sell the same securities for client accounts. This practice may be a conflict of interest if the related person obtains a more favorable price than the client. Such a practice violates the firm's Code of Ethics, a copy of which is available upon request. Related persons may not buy or sell any security prior to buying or selling the same security for our clients during the same day unless such trade is included in a block trade. Trades made by related persons who violate this procedure are subject to discipline by our firm in accordance with the firm's policies and procedures.

## Item 12: Brokerage Practices

### Custodian & Brokers Used

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if given the authority to withdraw assets from client accounts. See *Item 15 Custody*, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc.

<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

("Schwab"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Schwab, our firm can still use other brokers to execute trades, as described in the next paragraph.

### **How Brokers/Custodians Are Selected**

Our firm seeks 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. A wide range of factors are considered, including, but not limited to:

- 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 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
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below (see "*Products & Services Available from Schwab*")

### **Custody & Brokerage Costs**

Schwab generally does not charge a separate fee for custody services, but is compensated by charging commissions or other fees to clients on trades that are executed or that settle into the Schwab account. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our firm has Schwab execute most trades for the accounts.

### **Products & Services Available from Schwab**

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like our firm. They provide our firm and clients, both those enrolled and not enrolled in the Program, with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab's support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab's products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab's support services:

## **Services that Benefit Clients**

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 our firm might not otherwise have access or that would require a significantly higher minimum initial investment by firm clients. Schwab's services described in this paragraph generally benefit clients and their accounts.

## **Services that May Not Directly Benefit Clients**

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab's and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

## **Services that Generally Benefit Only Our Firm**

Schwab also offers other services intended to help manage and further develop our business enterprise. These services include:

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

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

Schwab has agreed that when the assets in our clients' accounts maintained at Schwab total at least \$50 million, it will pay for certain research, technology and marketing products and services provided to us by third parties. The availability of the services described above from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. In addition, we don't have to pay for certain third-party research, technology and marketing products and services once the total of our clients' assets maintained in accounts at Schwab reaches \$50 million. These required amounts of client assets (\$10 million and \$50 million) may give us an incentive to require that you maintain your account with Schwab based on our interest in receiving Schwab's and the third parties' services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality

and price of Schwab's services and not Schwab's or third parties' services that benefit only us or may only indirectly benefit you. We do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

### **Our Interest in Schwab's Services.**

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody.

With respect to the Program, our firm does not pay SWIA fees for its services in the Program so long as our firm maintains \$100 million in client assets in accounts at Schwab that are not enrolled in the Program. If our firm does not meet this condition, then our firm will pay SWIA an annual fee of 0.10% (10 basis points) on the value of our client assets in the Program. This fee arrangement gives our firm an incentive to recommend or require that clients with accounts not enrolled in the Program be maintained with Schwab.

In light of our arrangements with Schwab, a conflict of interest exists as our firm may have incentive to require that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will 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 our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to recommend Schwab and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Schwab as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that only benefit our firm.

### **Soft Dollars**

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Our firm does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by our firm will generally be used to service all of our clients but not necessarily all at any one particular time.

### **Client-Directed Brokerage**

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Our firm allows clients to direct brokerage outside our recommendation. Our firm may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because our

firm may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan.

### **Aggregation of Purchase or Sale**

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Except as otherwise set forth herein, Genex Consulting requires that all trades be placed on the firm's trade blotter by 2:00 pm central time (or on shortened market days one hour before the market closes), after which all trades in the same security will be aggregated for block trade purposes and entered, along with any other trades, for execution prior to the market closing.

When trades are aggregated for block trade purposes, the actual prices applicable to the aggregated trades in the same security for multiple clients will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. Aggregation of orders does not guarantee a better or more favorable price.

Genex Consulting may determine not to aggregate and/or execute trades in the manner set forth above when deemed appropriate. Such instances will arise based on unanticipated market conditions, the size of the trades, the liquidity of the securities that are involved in the trades, or when a trade is directed by a client. When Genex Consulting does not aggregate trades in a specific security, some clients purchasing the same security on the same day may receive a less favorable price than other clients.

### **Item 13: Review of Accounts or Financial Plans**

Our management personnel reviews accounts on at least an annual basis for our Asset Management clients. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable.

Our firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

For those clients to whom Genex Consulting provides Asset Management investment supervisory services, account reviews are conducted on an ongoing basis by the client's Advisor. Please note that it is the client's responsibility to advise Genex Consulting of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their investment advisor representative on an annual basis.

Clients are also provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the custodian and/or program sponsor for the client accounts. Genex Consulting may also provide a written periodic report summarizing account activity and performance.

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. Our firm does not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately engage our firm for a post-financial plan meeting or update to their initial written financial plan.

Retirement Plan Consulting clients receive reviews of their retirement plans for the duration of the service. Our firm also provides ongoing services where clients are met with upon their request to discuss updates to their plans, changes in their circumstances, etc. Retirement Plan Consulting clients do not receive written or verbal updated reports regarding their plans unless they choose to engage our firm for ongoing services.

### **Item 14: Client Referrals & Other Compensation**

#### **Charles Schwab & Co., Inc.**

Our firm receives economic benefit from Schwab in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

#### **Product Sponsor Funded Events**



Genex Consulting and employees may receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with investment advisor representative, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for, or reimburse Genex Consulting for the costs associated with, education or training events that may be attended by Genex Consulting employees and investment advisor representatives and for Genex Consulting sponsored conferences and events.

Such gifts represent a conflict of interest however investment advisor representatives of Genex Consulting have a fiduciary duty to act in the client's best interest.

## **Referral Fees**

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Genex Consulting must enter into written agreements with third parties to act as solicitors for the Advisor's investment advisory services. All compensation with respect to the foregoing will be fully disclosed to each Client to the extent required by applicable law. All such referral activities will be conducted in accordance with the Marketing Rule under the Advisors Act, where applicable.

Our firm pays a periodic lead generating expense to participate in an online matching program that seeks to match prospective advisory clients with investment advisors. The lead generating program collects information from prospective advisory clients and uses it to provide information about multiple advisory firms to persons who have expressed an interest in utilizing the program's services. The program also provides the name and contact information of such persons to the multiple firms that match the criteria expressed by the persons utilizing the lead generating program's services. The lead generating expense we pay for being provide with potential leads varies based on certain factors, including the size of the person's portfolio and the fee is payable regardless of whether any prospect becomes our advisory client. The lead generating program does not endorse or promote Genex Consulting or any other advisor or their strategies and does not serve as a promoter as defined in the Advisers Act.

## **Item 15: Custody**

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under "Third Party Money Movement." All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with the account custodian:

- 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.
- 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.
- 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.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- 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.
- 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.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Item 16: Investment Discretion**

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, our firm is authorized to execute securities transactions, determine which securities are bought and sold, and the total amount to be bought and sold. Should clients grant our firm non-discretionary authority, our firm would be required to obtain the client's permission prior to effecting securities transactions. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

### **Item 17: Voting Client Securities**

Our firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, our firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

### **Item 18: Financial Information**

Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.
- Our firm does not take custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- Our firm has never been the subject of a bankruptcy proceeding.