

# **Rinkey Investments d/b/a: Illumination Wealth Management**

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Illumination Wealth Management. If you have any questions about the contents of this brochure, contact us at 858-246-6855. 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 Illumination Wealth Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Illumination Wealth Management is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment dated March 1, 2023 we have no material changes to report:

- We have changed our business address. Please refer to the Cover Page of this brochure for the new address location.
- Associated persons of our Company may invest in private placements owned by, or affiliated with, clients of our Company. While we endeavor at all times to put the interest of our clients ahead of our own as part of our fiduciary duty, you should be aware that this situation may create a conflict of interest since associated persons have an interest to recommend these private placements to clients.

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## Item 4 Advisory Business

### Description of Services and Fees

Rinkey Investments dba Illumination Wealth Management ("IWM") is a registered investment adviser based in San Diego, California. We are organized as a corporation under the laws of the State of California. We have been providing investment advisory services since 2009. Mathew Seth Rinkey, President and Chief Compliance Officer is our principal owner.

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

### Financial Life Management Services

We offer comprehensive, fee-only Financial Life Management services for all areas of our client's financial life. Financial Life Management is the process of meeting your life goals through the development and proper management of your financial resources. Life goals may include: buying a home; planning for retirement; saving for college; funding a business; or leaving a legacy, among others. We place a strong emphasis on the link between money and values. Our process is client focused and collaborative. Our Financial Life Management services include both Financial Planning and Investment Management on an ongoing basis.

### Financial Planning

Financial Planning is an all-inclusive process, requiring review and analysis of all aspects of your financial situation that can include:

**Income & Tax Management** - Focuses on planning for income and taxes. This consists of analyzing current and future cash flow objectives and needs, budgeting, evaluating employment benefits, and income tax planning.

**Retirement Planning** - Focuses on establishing a retirement goal and applying strategies to fund retirement and ensure adequate retirement income.

**Debt Management** - Focuses on tracking and analysis of personal debt and net worth. Personal debt is typically divided into home loans, such as mortgages and home equity lines of credit, personal loans, and business debt.

**Education Planning** - Consists of strategic planning to help you fund education goals.

**Estate Planning** - Consists of strategic planning for asset transfer at death as well as the tracking of any documents that may be relevant to an individual's estate. It also involves charitable planning and gifting strategies. This includes beneficiary designations, legal documents such as trusts and wills, and the assignment of legal representatives.

**Asset Protection (Insurance)** Covers wealth management strategies that intend to preserve an individual's wealth and protect it from potential risks. This consists primarily of various types of insurance: life insurance, disability, long-term care insurance, property and casualty insurance, and medical insurance.

**Investment Planning & Management** - Concerned with the ownership and maintenance of any assets reflected on an individual's balance sheet as well as the appropriate investment management for the individual's portfolio of assets. This includes individual savings, managed investment accounts, qualified retirement plans, business ownership, home ownership, and non-traditional assets.

**Business Owner Exit Planning** - Exit planning asks and answers all the business, personal, financial, legal and tax questions involved in transferring or transitioning a privately owned business. Exit planning is focused on ensuring that business value is maximized, personal and business goals are achieved, and tax value is minimized at the time of exit.

The financial planning process consists of a series of steps taken to help you, our client, accomplish your goals.

1. We work with you to identify *your* goals and objectives
2. We gather the information pertinent to *your* overall financial situation such as income, expenses, assets, liabilities, taxes, insurance coverage, retirement plans, investments, wills and trusts
3. We review *your* current financial situation based upon the information we have gathered
4. We provide recommendations and strategies for achieving *your* goals
5. We assist *you* in implementing the recommendations
6. We monitor *your* plan on an on-going basis for needed changes

Please note: We are not licensed attorneys or CPAs and will work in coordination with your existing tax and legal advisors.

### **Investment Management Services**

Our firm provides on-going investment management services to our clients as part of the Financial Life Management Services or as a standalone service. Our philosophy relies on a long-term investment strategy determined by your needs and objectives. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy statement and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

Utilizing allocation strategies, our client portfolios are diversified to minimize sector and industry risk. Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities: Mutual Funds, Exchange Traded Funds, Closed End Funds, Individual Equity Securities, Individual Fixed Income Securities, Private Placements, Structured Products, and other interests in partnerships.

As part of our investment management services, in addition to other types of investments (see disclosures below in this section), we may invest your assets according to one or more model portfolios developed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Clients whose assets are invested in model portfolios may not set restrictions on the specific holdings or allocations within the model, nor the types of securities that can be purchased in the model.

Investment management services are provided on a discretionary or in limited situations, non-discretionary basis.

## **Pension Consulting**

We will provide pension-consulting services to employee benefit plans and their fiduciaries based upon an analysis of the needs of the plan. In general, these services may include any one or all of the following:

- **Marketplace Search** – We will search the marketplace and provide quotations from leading retirement plan service providers.
- **Service Provider Analysis** – We will analyze data regarding fees and services of responding retirement plan service providers, including plan features and service standards.
- **Recommendations** – We will make recommendations regarding plan service provider.
- **Investment Advice (Plan Level)** - We will provide research and analysis with regard to investment advice and fiduciary due diligence services for the Client. Services provided by the Adviser will not include any services with respect to employer securities or company stock. The Adviser shall also provide research and analysis that covers the investment products of several qualified and non-qualified retirement plan providers. We may employ many different calculations, processes, and screening techniques to arrive at specific recommended individual investments within the array of investments offered by each investment provider that is being analyzed.
- **Existing Plan Review** – A plan review is an examination of major components of your retirement plan in order to identify strengths and weaknesses. The review can cover such areas as overall plan structure, related costs, and plan documentation.
- **Ongoing Consulting** – We will provide annual investment reviews of the plan's investments to ensure suitability of investments and conformity with the plan's investment policy statement. In some instances, where we determine that current plan investments are under performing, we will make general, and occasionally specific, recommendations as to re-balancing of plan assets in various investment media, including exchange-traded funds, mutual funds and non-securities investments.
- **Employee Plan and Investment Education** - The Adviser may provide group employee enrollment, re-enrollment, and investment education support. The goal of this process is to help employees make educated and informed choices about the plan and investment allocation under the investment education guidelines set forth by the U.S. Department of Labor. Meetings are offered on an annual, semi-annual, quarterly, or as requested basis. The scope of the meetings will be group and/or individual, and will be conducted on-site and/or as data conferencing.
- **Employee (Participant) Investment Advice** - The Adviser may assist Plan Participants in making asset allocation decisions for their investment portfolios (i.e. between equity and fixed income). The goal of this process is to assist Plan Participants in finding the asset mix which is most likely to meet their investment objectives within acceptable risk parameters. Asset class sub-types can include domestic large cap value equity, domestic large cap growth equity, domestic mid-cap value equity, domestic mid-cap growth equity, domestic small cap value equity, domestic small cap growth equity, international equity, core fixed income, short term fixed income, high yield fixed income, and other appropriate asset classes and investments. The Plan's participants and beneficiaries are expected to have different investment objectives, time horizons and risk tolerances. To meet these varying investment needs, participants and beneficiaries will be able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the risk/return spectrum. Participants and beneficiaries alone bear the risk of investment results from the options and asset allocation that they select.

We will provide consulting services to the plan fiduciaries as described above. Typically, the named plan fiduciary must make the ultimate decision as to retaining the services of such investment advisers as we recommend. The plan fiduciary is free to seek independent advice about the appropriateness of any recommended services for the plan.

In providing services to the Plan, our status is that of an investment adviser registered under the Investment Advisers Act. We are not subject to any disqualifications under Section 411 of ERISA. In performing fiduciary services, we are acting as a non-discretionary fiduciary of the Plan as defined in Section 3(21) and as a discretionary "investment manager" of the Plan as defined in Section 3(38) under ERISA.

### **Client Tailored Services and Client Imposed Restrictions**

IWM offers the same suite of services to all of its clients. However, specific client portfolios and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific strategy to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent IWM from properly servicing the client account, or if the restrictions would require IWM to deviate from its standard suite of services, IWM reserves the right to end the relationship.

### **Wrap Fee Programs**

IWM does not participate in any wrap fee programs.

### **Types of Investments**

We primarily offer advice on equity securities, exchange traded funds, mutual funds, corporate debt securities, certificates of deposit, municipal securities, US Government securities, private placements, and interest in partnerships investing in real estate.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **IRA Rollover Recommendations**

For purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. 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.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **Assets Under Management**

As of December 30, 2023, we provide continuous management services for \$288,736,252 in client assets on a discretionary basis, and \$18,354,572 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Fees for Financial Life Management**

Clients engaging Illumination for the Financial Life Management Program are subject to a flat annual fixed fee, paid quarterly based on a percentage of your adjusted gross income (AGI) plus a percentage of your net worth based on the following tiered schedule:

<b>Net Worth Between:</b>	<b>Fee %</b>
\$0 to 2,000,000	0.50%
\$2,000,001 to \$3,000,000	0.40%
\$3,000,001 to \$5,000,000	0.30%
\$5,000,001 to \$10,000,000	0.20%
\$10,000,001 and Over	0.10%
and	
<b>Income (AGI) Between</b>	<b>Fee %</b>
\$0 to 500,000	1.00%
\$500,001 to \$1,000,000	0.80%
\$1,000,001 to \$2,000,000	0.60%
\$2,000,001 and over	0.40%

Clients in the Financial Life Management program are subject to a minimum quarterly fee of \$2,000 and annual fee calculations are rounded to the nearest \$500. The minimum fee may change and is determined on a case by case basis. Financial Life Management fees may vary from the fee schedule based on the scope and complexity of your engagement with our firm (e.g., Business planning, Business and/or Real Estate Ownership, Corporate or Private Equity, multiple entities, etc.).

In limited circumstances, we may utilize an alternative Advisor's Formula for the "Financial Life Management" Services. The alternative Advisor's Formula will be agreed upon in writing by both IWM and you and illustrated in the client agreement.

Fees are due quarterly (or monthly) in advance and a pro-rata refund will be paid to you if canceled within any quarter. The initial quarterly fee may be applied on a pro-rata basis depending on the date of the executed client agreement. This fee may be debited from your investment accounts or you may choose to be invoiced at the beginning of each quarter.

The Income (AGI) is obtained from your most recent tax filing. The net worth is calculated from the value of your assets and liabilities on the effective date of the client engagement. These fees are generally not negotiable. However, exceptions will be made on a case by case basis at the discretion of the managing member of IWM.



Should more accurate information about assets and liabilities become known within the first six months as part of our discovery process, IWM will add this new information to the original net worth statement to re-evaluate the fee based on the more accurate net worth statement. If there is a change in fee, it will be effective the next billing period going forward. In situations where we expect our services to be long-term and ongoing, we may include this complexity in setting the client fee. Existing clients may be under a different fee schedule than one above.

The fees will be adjusted at the beginning of the calendar quarter following the two year anniversary of the effective date and every two years thereafter based on Advisor's Formula. Your then current income (AGI) and net worth will be used in Advisor's Formula to recalculate the fee or the factors that make up the alternative Advisor's Formula. For example, if your agreement is effective as of February, your recalculated fee will be calculated two years later in March and effective the beginning of the following calendar quarter in April.

If IWM is unable to obtain current financial information in the month prior to the end of the 2 year anniversary quarter, IWM will contact you and request the missing information. If we have not received the financial information from you within 2 weeks, we may elect to use the most recent information we have on file or wait until you provide us with the requested information. If there will be a revision in the quarterly fee, you shall be notified within 7 days of the effective date. The adjusted fee calculation will be provided to you upon request.

Either party may terminate the Financial Life Management agreement, without penalty, upon at least 7 days written notice. Upon date of termination, we shall process a pro-rata refund of the unearned portion of the fees charged at the beginning of the quarter. Please note that we shall be paid our fee through the effective date of the termination. The initial quarterly fee may be applied on a pro-rata basis depending on the date of the executed agreement.

Typically, IWM debits the financial life management fee directly from your account(s). Fees may also be paid via credit or check through unaffiliated secured third party processing systems. Upon request, IWM will send an invoice to the client rather than directly debit the quarterly fee.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

### **Fees for Investment Management Services**

For clients who require Investment Management services only, the fee will be:

<b>Assets Under Management</b>	<b>Annual Fee Percentage</b>
\$0 - \$99,999	\$1,500 Minimum
\$100,000 - \$249,999	1.50%
\$250,000 - \$499,999	1.35%
\$500,000 - \$999,999	1.20%
\$1,000,000 - \$2,999,999	1.00%
\$3,000,000 +	0.90%

These fees are negotiable and the final fee schedule is evidenced in the Investment Management Agreement. Fees are paid quarterly in advance based on the last business day of the calendar quarter.

Either party may terminate the Investment Management agreement, without penalty, upon at least 7 days written notice. Upon date of termination, we shall process a pro-rata refund of the unearned portion of the fees charged at the beginning of the quarter. Please note that we shall be paid our fee through the effective date of the termination. The initial quarterly fee may be applied on a pro-rata basis depending on the date of the executed agreement.

Typically, IWM debits the investment management fee directly from the client's account(s). Upon request, IWM will send an invoice to the client rather than directly debit the client's quarterly fee.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

In some cases, IWM's legacy clients may be receiving the same services but charged based on the fee schedule as it existed at the time those clients originally engaged our firm.

### **Fees for Pension Consulting Services**

We will be compensated for initial plan consulting on a fixed fee payment option of \$500 - \$1,500 and such fee will be negotiated on a case-by-case basis based on the scope and complexity of the contracted services. Ongoing fees will be compensated by an annual fixed fee with a \$500 annual minimum paid quarterly in advance. At our discretion, these fees may be negotiable depending on the scope and complexity of the plan and services to be provided. In all circumstances, the fees to be paid and the fee-paying arrangements will be clearly set forth in the pension consulting agreement between us. You may terminate the pension consulting agreement within five days of the date of acceptance without penalty or fee. Thereafter, either party may terminate the pension consulting agreement by providing (30) days written notice to the other party. The pension consulting fees will be pro-rated for the quarter in which the cancellation notice was given and any unearned fees will be refunded to you.

### **Clients Are Responsible For Third Party Fees**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. We will invest your account, when suitable, in no load mutual funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. Additionally, certain accounts types of accounts will have nominal custodial fees charged to them. We do not share in those fees. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Brochure.

## **Outside Compensation For the Sale of Securities to Clients**

Neither IWM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 73.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if

- you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
  8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
  9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
  10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

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

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

## **Item 7 Types of Clients**

IWM generally provides investment advice to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Trusts & Estates
- Corporations
- Pension and Profit Sharing Plans
- Defined Benefit and Defined Contribution Plans

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively. For Financial Life Management services we have a minimum quarterly fee of \$2,000 which may change at our discretion and is determined on a case by case basis.

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

### **Our Methods of Analysis and Investment Strategies**

IWM has various model portfolios that are used to manage client assets. Our models may be customized to reflect individual client financial circumstances. To determine these models, IWM uses fundamental, cyclical, and technical analysis to determine asset allocations. This information is derived from financial news available (both print and on-line), third-party research that IWM subscribes to, and annual reports issued by companies and investment firms (such as mutual fund companies).

In most cases, IWM is utilizing ETF's, mutual funds and individual stocks in its model portfolios. At times, individual securities can be used to meet client objectives. The strategies used by IWM are long term in nature (held more than a year). At times, short term purchases and sales can occur.

We tend to not chase investment returns, or move capital to "hot" sectors or assets. We focus on long-term results by allocating capital to areas of the market where we perceive the most attractive relative valuations and therefore the greatest potential returns.

### **Portfolio Construction - Strategic**

We currently have multiple strategic asset allocations which vary based on risk and return. The mix is determined by the long term historical characteristics of each asset class and is therefore rarely altered. The strategic asset allocation is tailored for each client within appropriate models, based on factors such as risk tolerance, portfolio liquidity needs, and time horizon.

### **Portfolio Construction - Tactical / Opportunistic**

Using the strategic asset allocation as a framework, we then look to tactically deploy capital to asset classes with the most attractive investment prospects. These decisions are based on valuations relative to historic averages and to other asset classes, on our expectations for economic and market conditions, and on business and financial fundamentals.

We believe that both fixed income and equity investing are subject to a number of risks, measurable and otherwise. Some, but not all, of the risks include fluctuations relating to general economic conditions, interest rates, inflation ratios, functioning of the credit markets including liquidity risk, earnings and earnings expectations, political risk including regulations and changes in laws, and currency risks.

Investing in securities does involve risk to principle that clients should be prepared to bear. Clients are encouraged to review the prospectus and reports issued by the investment companies.

### **Cash Management**

For clients with known liquidity needs, we advise setting aside cash or cash equivalents outside of their invested portfolios for the purpose of funding future expenses. We believe that this approach to managing cash reduces the risk of the overall portfolio for clients with liquidity needs. By setting aside cash for near-term expenses, we reduce the likelihood that assets would need to be sold at relatively low valuations in order to generate liquidity, and instead can attempt to proactively raise cash when asset valuations are more attractive.

In managing the cash maintained in your account, we utilize the sole exclusive cash vehicle (money market) made available by the custodian. There may be other cash management options away from the custodian available to you with higher yields or safer underlying investments.

IWM's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

- Charting analysis involves the use of patterns in performance charts. IWM uses technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.
- Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.
- Technical analysis involves the analysis of past market data; primarily price and volume.
- Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

*Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

### **Material Risks Involved**

IWM utilizes investment strategies that are designed to capture market rates of both return and risk.

**Fundamental Analysis** - 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.

**Charting and Technical Analysis** - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Cyclical Analysis** - 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.

We may use investment strategies that involve buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

*Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.*

### **Risks of Specific Securities Utilized**

IWM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, in some instances for accredited investors whose risk tolerances are suitable, IWM may recommend private placements.

As disclosed under the "Advisory Business" section in this Brochure, we primarily offer advice on equity securities, exchange traded funds, mutual funds, corporate debt securities, commercial paper, certificates of deposit, municipal securities, US Government securities, commodities, interest in partnerships investing in real estate and others. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**Stocks & Exchange Traded Funds (ETF):** There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to: the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, more well established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.



**Mutual Funds and Exchange Traded Funds:** Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests. Non-indexed ETFs can trade at a price above ("premium") or below ("discount") net asset value.

**Corporate Debt Securities:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Certificates of Deposit:** Certificates of deposit are generally the safest type of investment since they are insured by the federal government up to a certain amount. However, because the returns are generally very low, it's possible for inflation to outpace the return. Likewise, US Government securities are backed by the full faith and credit of the United States government but it's also possible for the rate of inflation to exceed the returns.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Limited Partnership:** A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner does not usually invest any capital, but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership.

**Private Placements:** A private placement (non-public offering) is an illiquid security sold to qualified investors and are not publicly traded nor registered with the Securities and Exchange Commission. Private placements generally carry a higher degree of risk due to illiquidity. Most securities that are acquired in a private placement will be restricted securities and must be held for an extended amount of time and therefore cannot be sold easily. The range of risks are dependent on the nature of the partnership and are disclosed in the offering documents. In certain situations and when

appropriate we may recommend that a client invest in a private placement that is owned by or affiliated with another client of our Company. In addition Mr. Rinkey and potentially other persons associated with our firm may also be invested in these private placements.

**Options Contracts:** Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options which do not have secondary markets on which to sell the options prior to expiration can only realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk substantial losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options could lose more money than a short seller of that stock could on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may surge or ditch unexpectedly, leading to automatic exercises.



Other option trading risks are:

- The complexity of some option strategies is a significant risk on its own.
- Option trading exchanges or markets and option contracts themselves are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to timing across borders.

Risks that are not specific to options trading include market risk, sector risk and individual stock risk. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

**Private Collective Investment Vehicles:** Illumination recommends that certain clients invest in privately placed collective investment vehicles (e.g., private real estate funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

**Market Risk:** The value of the portfolio will move with some level or correlation to the broad US equity market. Stocks in the US equity market move up and down in reaction to changes in: US & Foreign economic conditions, political environments, tax policies, interest rates, exchange rates, investor perception, market liquidity, etc.

**Market Cap Risk:** The portfolio invests, at times, in small and medium sized companies which, relative to larger companies, historically have shown more volatility and risk in both their business fundamentals and stock price movements.

**Interest Rate Risk:** Investing in fixed-income / bond fund ETF's carries the risk borne by an interest bearing asset due to the variability of interest rates. In general, as interest rates rise, the price of a fixed-income rate bond will fall, and vice versa.

**Management Risk:** There is no guarantee that investment decisions by the portfolio manager will produce the desired result and could cause the portfolio to underperform the broad equity market or specific relevant benchmarks.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account

custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Item 9 Disciplinary Information**

IWM has been registered and providing investment advisory services since 2009. Neither our firm nor any of our management persons has any reportable disciplinary information.

## **Item 10 Other Financial Industry Activities and Affiliations**

We do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker.
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund).
3. other investment adviser or financial planner.
4. futures commission merchant, commodity pool operator, or commodity trading advisor.
5. banking or thrift institution.
6. accountant or accounting firm.
7. lawyer or law firm.
8. insurance company or agency.
9. pension consultant.
10. real estate broker or dealer.
11. sponsor or syndicator of limited partnerships.

### **Family Office Services**

We are affiliated with Illumination Family Office through common control and ownership. Illumination Family Office provides personal and business bookkeeping and other non-advisory related services such as payroll services, budget planning, cash flow analysis, data management, and other personal financial administrative services. We will recommend that you use the services of our affiliate, Illumination Family Office, if appropriate and suitable for your needs. Our advisory services are separate and distinct from the compensation paid to our affiliate for their services.

The referral arrangement we have with our affiliate may present a conflict of interest because we have a financial incentive to recommend the services of Illumination Family Office. While we believe that compensation charged for their services are competitive, however such compensation may be higher or lower than what is charged by other firms providing the same or similar services. You are under no obligation to use the services of Illumination Family Office.

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

### **Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required

to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Associated persons may invest in private placements that are owned by, or affiliated with, clients of our Company. While we endeavor at all times to put the interest of our clients ahead of our own as part of our fiduciary duty, you should be aware that this situation may create a conflict of interest since associated persons have an interest to recommend these private placements to clients.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

### **Aggregated Trading**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("aggregated trading"). Refer to the *Brokerage Practices* section in this brochure for information on our aggregated trading practices.

## **Item 12 Brokerage Practices**

We recommend the brokerage and custodial services of Charles Schwab & Co., ("Schwab"). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In recognition of the value of the services Schwab provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere. Our selection of custodian is based on many factors, including the level of services provided, the custodian's financial stability, and the cost of services provided by the custodian to our clients, which includes the yield on cash sweep choices, commissions, custody fees and other fees or expenses.

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

**The custodian and brokers we use**

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 (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We require that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when you instruct them to. While we require that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot manage your account. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

**How we select brokers/custodians**

We seek to use a custodian/broker that will hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we consider a wide range of factors, including:

- 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
- Availability of other products and services that benefit us, as discussed below (see "Products and services available to us from Schwab")

**Your brokerage and trading 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 U.S. exchange-listed equities and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trade through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/ custodians"). By using another broker or dealer you may pay lower transaction costs.

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through our firm. 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 at no charge to us. Following is a more detailed description of Schwab's support services:

**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.

**Services that do not directly benefit you.** Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We 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, record keeping, and client reporting

**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 and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

**Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. The fact that we receive these benefits from Schwab is an incentive for us to require the use of Schwab rather than making such decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/custodians") and not Schwab's services that benefit only us.

**Brokerage for Client Referrals**

IWM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

**Directed Brokerage**

IWM will not allow clients to direct IWM to use a specific broker-dealer to execute transactions. Clients must use IWM recommended custodian (broker-dealer). Not all investment advisers require their clients to direct brokerage. By requiring clients to use our specific custodian, IWM may be unable to achieve most favorable execution of client transaction that may cost clients money over using a lower-cost custodian.

**Aggregated Trades**

We combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

We do not aggregate trades for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

**Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.



## Item 13 Review of Accounts

### Financial Life Management Services

A review of the client's financial plan by the client's team occurs both periodically and on an as needed basis. We typically meet with clients anywhere from one to four times per year for an existing client and up to five times per year for a new client. The frequency is determined after a conversation with the client and review of their situation. Our meeting agendas are flexible and change based on the needs of the client and what is most relevant to them at that time. Reports and deliverables are presented in client meetings to help solidify concepts and illustrate key findings. In addition, each client typically receives a post meeting letter summarizing client goals, next steps, and action items.

### Investment Management Services

In general, each client portfolio is reviewed once every week. Trading is triggered based on deviations from the asset allocation model and is therefore dependent on market conditions. Overall, all clients must be reviewed once every 90 days. IWM reviews performance of the asset class and funds on a weekly basis and can make a change at any time. The securities in every client's account will be monitored on a continuous basis and will be reviewed at least quarterly. Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

The Company will attempt to meet with clients annually to review their current suitability and financial circumstances and make changes to their model if appropriate. Each client will receive a written, monthly statement from the Custodian detailing the clients account activity. For 401k advisory clients, each client will receive a quarterly statement from the Custodian detailing the accounts performance and activity.

## Item 14 Client Referrals and Other Compensation

### Charles Schwab & Co., Inc - Institutional

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. We benefit from the products and services provided because the cost of these services would otherwise be borne directly by us, and this creates a conflict. 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)

We do not receive any compensation from any other third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

## Item 15 Custody

Your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least

quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

We will also provide statements to you reflecting the amount of the advisory fee deducted from your account. You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, contact us immediately at the telephone number on the cover page of this brochure.

### **Standing Letters of Authorization**

Our firm, or persons associated with our firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We hereby confirm that we meet the above criteria.

### **Item 16 Investment Discretion**

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm or trading authorization forms. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.



## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. We do not offer any advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

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 any electronic solicitation to vote proxies. If you have a question regarding any solicitation, please contact Matthew Rinkey at the telephone number on the cover page of this brochure.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance nor have we filed a bankruptcy petition at any time in the past ten years. Therefore, we are not required to include a financial statement with this brochure.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, you will keep the profit.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.