

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

### **Item 1 – Cover Page**

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This brochure provides information about the qualifications and investment advisory business practices of AtlasMark Financial, Inc. If you have any questions about the contents of this brochure, please contact us at (512) 258-4040. 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 AtlasMark Financial, Inc.'s advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching for AtlasMark Financial, Inc.'s name or by using the firm's CRD number: 152635.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## Item 2 – Material Changes

Since our last annual amendment dated February 2023, the AtlasMark Fund, LP was closed and liquidated in 2023 so we removed the *Private Fund Management Services* from Item 4 and Item 5 of this version of Form ADV Part 2A brochure since we do not currently provide such services. Because the fund has been liquidated and closed, our affiliate no longer receives a performance-based fee so Item 6 has been updated accordingly. We also removed all references to the AtlasMark Fund, LP and made corresponding changes to Item 10 (removed the disclosure that we have an affiliated private fund), Item 11 (removed the disclosure about our personnel's interest in the AtlasMark Fund, LP), Item 15 (removed custody disclosures related to the AtlasMark Fund, LP), Item 16 (removed the explanation that we managed the AtlasMark Fund, LP on a discretionary basis) and Item 17 (removed the proxy voting procedure we used for the AtlasMark Fund, LP).

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## Item 4 – Advisory Business

### Ownership

AtlasMark Financial, Inc., (“Advisor” or “we”) has been an investment advisor since December 2010. We are a Texas corporation, and our sole owner is GASPAR Holdings, LLC. Erik J. Anderson is the sole owner of GASPAR Holdings, LLC.

### General Description of Primary Advisory Services

We offer personalized investment advisory services including asset management. The following are brief descriptions of our primary services. A detailed description is provided in **Item 5, Fees and Compensation**, so that clients and prospective clients (“clients” or “you”) can review the services and description of fees more thoroughly.

#### ***Asset Management Services***

We offer asset management services providing you with continuous and on-going supervision over your accounts. This means that we continuously monitor your account and make trades in that account when necessary.

#### ***Retirement Plan Services***

We offer advisory services to retirement plan sponsors and to plan participants. These services include fiduciary reviews for retirement plan sponsors, consulting and monitoring services and employee communication services. The services may also include management services for retirement plans.

### Limits Advice to Certain Types of Investments

We generally offer investment advice to clients on the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Interests in partnerships investing in real estate and oil and gas interests

We reserve the right to offer advice on any investment product that may be suitable for each client’s specific circumstances, needs, goals and objectives. Please also see **Item 5, Fees and Compensation**, and also **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss** for more information.

### Tailor Advisor Services to Individual Needs of Clients

Our services are always provided based on your specific needs. You have the ability to impose restrictions on your accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a prospective client whose investment objectives may

be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Wrap-Fee Program versus Portfolio Management Program**

In traditional management programs, advisory services are provided for a fee, but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services and transaction services are provided for one fee. We do not act as a portfolio manager of or sponsor wrap fee programs.

### **Client Assets Managed by Advisor**

The amount of clients' assets managed by Advisor totaled \$ 647,941,456 as of December 31, 2023, with \$ 640,759,878 managed on a discretionary basis and \$7,181,578 managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provided in **Item 4, Advisory Business**, this section provides details regarding our services along with descriptions of each service's fees and compensation arrangements.

When providing advisory services to you, our investment advisor representatives ("representatives") meet with you to determine your current personal and financial situation as well as your goals and objectives. An investor profile questionnaire is completed and necessary documentation (i.e., wills, tax returns, broker statements, insurance policies, etc.) is gathered and reviewed. These meetings also include a discussion of our representatives' analyses and recommendations to help you achieve your desired objectives.

### **Asset Management Services**

We offer fee-based asset management services that include giving investment advice based on your individual needs. When providing these services, we are solely responsible for making all investment recommendations and also for making changes to the managed account. If you elect to engage us for this service, we develop an individualized investment program for your account (i.e., current income, balanced, growth and income and maximum growth). We provide various investment strategies through our management services; a specific investment strategy and investment policy is crafted for you and focuses on your specific goals and objectives.

To provide these services, we need to obtain certain documentation (i.e., wills, tax returns, broker statements, insurance policies, etc.) and information from you to determine your financial situation and investment objectives. You may be asked to complete an investor profile questionnaire that includes an analysis of your investment style and risk comfort level. Although your specific needs and objectives are always considered, clients generally fall within one of the following investment categories:

- Aggressive. Client desires to maximize capital appreciation despite a correspondingly higher level of risk and volatility.
- Moderately Aggressive. Client desires to provide for a high degree of capital appreciation with a high degree of volatility expected.
- Moderate. Client desires a balance between achieving capital appreciation and seeking income.
- Moderately Conservative. Client desires long-term growth through capital appreciation with a decreased level of volatility.
- Conservative. Client desires current income with a small potential for growth from capital appreciation.
- Income. Client desires the generation of current income with a very low degree of volatility.

Using this risk analysis as well as other specific client information gathered during initial discussions and document review, our representatives may develop a model investment portfolio using Morningstar Office. Recommended investments in these portfolios generally consist of domestic and international equity mutual funds or Exchange Traded Funds (ETFs), and fixed income mutual funds or ETFs. The funds recommended to you are usually traded at net asset value (NAV) in the case of mutual funds and at current market prices in the case of ETFs.

You should notify us when your financial situation or investment objectives have changed or if you want to impose and/or modify any reasonable restrictions on management of your accounts. At least annually, we contact you to determine whether your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on your managed accounts. We are always reasonably available to consult with you relative to the status of your accounts. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities. Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. A separate account is maintained for you with the custodian, and you retain right of ownership of the account (e.g., the right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations).

We require that your assets be maintained in an account with Fidelity Institutional Wealth Services ("Fidelity"). See **Item 12, Brokerage Practices**, for additional discussion on our recommendation and use of Fidelity. We assist you in establishing a managed account through Fidelity. There is no minimum investment amount required to establish or maintain a managed account. Our representatives also assist you in making transactions in your account. Fidelity maintains custody of your funds and securities. Neither we nor our representatives act as custodian, and we do not have access to your funds and securities except to have advisory fees deducted from your account by Fidelity with your prior written authorization and then paid to us.

Assets held at Fidelity are maintained in a separate account based on the street name and/or account registration type. You may also contact Fidelity at 800-544-6666 or write them at [www.fidelity.com](http://www.fidelity.com) if you have questions about the statements you receive or wish to establish an online access with Fidelity. Fidelity's address is Fidelity Investments, PO Box 770001, Cincinnati, OH 45277-0003.

We can also manage 529 Plans held directly at American Funds. You may contact American Funds at 1-800-421-9888 or write them at [www.capitalgroup.com](http://www.capitalgroup.com) if you have questions about the statements you receive or wish to establish an online access with American Funds. Their address is: CollegeAmerica®, PO Box 2713, Norfolk, VA 23501-2713. See **Item 12, Brokerage Practices** for more information.

We are granted trading authorization on your account and provide management services on either a discretionary or non-discretionary basis. See **Item 16, Investment Discretion**, for additional discussion on discretionary and non-discretionary authority.

Fees for management services will not exceed 1.50% annually. If the account is allocated exclusively to mutual funds, the fee for management services will not exceed 2.25% annually. It should be noted that lower fees for comparable service may be available from other sources. Fees are negotiable based on a variety of factors that include, but are not limited to, the following:

- Complexity of your financial situation
- Actual services to be provided
- Account composition
- Types of investment guidelines and restrictions imposed by you
- Experience and knowledge of our representative providing the service
- Anticipated future assets added to the managed account
- Related accounts (household only)

The exact fee charged is fully disclosed to you prior to any services being provided and is also disclosed in the agreement for services we both sign.

Please note that we generally invest a portion of your assets in mutual funds and exchange traded funds. Therefore, you will pay two levels of advisory fees for this management: one directly to us and one indirectly to the managers of the mutual funds and/or exchange traded funds held in your portfolios.

Fees are billed monthly in arrears and calculated based on the value of your managed account assets as of the last business day of the month. Fees are automatically deducted from your account, and you are required to provide written authorization to Fidelity to have fees automatically deducted and paid to us. At least quarterly, Fidelity sends you a statement identifying your account holdings at the end of the quarter and also indicating all transactions in the account during the quarter, including advisory fees deducted. If you have a managed employee retirement and benefit plan account, you will receive a similar statement at least quarterly from an affiliated third party administrator (please see **Item 10, Other Financial Industry Activities and Affiliations**, for additional disclosure). You are responsible for verifying the accuracy of the fee calculations. Fidelity and the third party administrator or record keeper (if applicable) do not determine if fees are properly calculated.

There are no commissions charged for account transactions. However, Fidelity may charge brokerage commissions and/or transaction fees directly to you. We do not receive any portion of the commission or fees from either Fidelity or from you. In addition, you will incur certain charges imposed by third parties other than us in connection with investments made through your account, including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges and IRA and qualified retirement plan fees. Our management fees are separate and distinct from the fees and expenses charged by investment company securities recommended to you. A description of these fees and expenses are available in each security prospectus. We do not receive any portion of such fees and expenses.

It is important that you understand we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security or other investment that we buy, sell or recommend for any other clients or for our own accounts.

Conflicts arise in allocating investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed appropriate for your account(s) and other accounts advised by us equitably and consistent with the best interests of all accounts involved. However, there is no assurance that a particular investment opportunity that comes to our attention is allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to your or any other client or use it for any client's benefit.

Either party can terminate the agreement for services by providing written notice to the other, and termination is effective immediately upon receiving the notice. By regulatory rule, if services are terminated within five business days of signing the agreement, services are terminated without penalty. You are responsible for time expended by us prior to the effective date of termination. Fees are calculated by taking the quoted fee divided by 365 days. That resulting daily billing rate is then multiplied by the number of days services are provided in the current month, using the account balance as of the effective date of termination.

### **Retirement Plan Services**

We also offer investment advisor services relative to employee benefit plans subject to the *Employee Retirement Income Security Act of 1974*, as amended, and that are qualified under Section 401(a) of the *Internal Revenue Code of 1986*, as amended (the "plan"). The services may be both fiduciary and non-fiduciary in nature. These services are offered to retirement plan sponsors and to individual participants in retirement plans through Fidelity Clearing and Custody Solutions. Neither we, nor our representatives act



as plan custodians. Qualified independent custodians maintain custody of all assets, funds and securities.

#### Non-Discretionary Fiduciary Services

- Assessment of Investments. We conduct an initial and/or periodic review of plan investments and investment options. The review includes, without limitation, investment performance, fund expenses and style drift for investments offered by the plan to participants; providing suggestions to the named fiduciary from time to time as Advisor deems warranted about other investment options for the plan to make available to participants (which decision remains the sole and exclusive decision of the named fiduciary and/or their delegate).
- Participant Investment Advice. We meet with plan participants to deliver investment advice based upon the plan participant's individual financial situation, investment objectives and tax status pursuant to the terms set forth in the executed client agreement that qualify for exemptive relief from the prohibited transaction rules provided under ERISA Section 408(b)(14) and (g). Advisor prepares recommendations regarding the appropriate amount of contributions and choice of investments, which the plan participant may implement at his or her sole discretion.
- Default Investment Alternative Advice. We will provide you with non-discretionary investment advice to assist you with the development of qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election. You will retain the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).

Advisor acknowledges that in performing the non-discretionary fiduciary services listed above it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of the *Employee Retirement Income Security Act of 1974* ("ERISA") for purposes of providing non-discretionary investment advice only. Advisor acts in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Advisor to be a fiduciary as a matter of law. However, in providing the fiduciary consulting services, Advisor (a) has no responsibility and does not (i) exercise any discretionary authority or discretionary control respecting management of your retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of your retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of your retirement plan or the interpretation of your retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets and (c) is not the "Administrator" of your retirement plan as defined in ERISA.

#### Discretionary Fiduciary Services

- Investment Manager to Plan. Advisor meets with the named fiduciary and/or their delegate to select approved asset classes and maintain model portfolios on a discretionary basis, including investing, rebalancing of assets, changing asset allocations or changing underlying model portfolios. Advisor recommends, maintains and periodically updates the list of mutual funds to the plan for inclusion as investment options available to plan participants. The named fiduciary appoints Advisor as an "investment manager" and Advisor acknowledges its status as "investment manager" for purposes of ERISA Section 3(38) to the extent it is providing discretionary advisory services. Advisor has full discretion over fund changes within the approved asset classes and communicates its decisions to the named fiduciary on a reasonable basis. Advisor exercises this authority in accordance with objectives set forth by the named fiduciary, as may be amended from time to time and in accordance with additional written guidelines and/or investment policies provided by named fiduciary. Otherwise, the named fiduciary must only approve changes to the asset classes. Unless otherwise directed by the named fiduciary, Advisor arranges for executing securities transactions for the plan through brokers or dealers that Advisor reasonably believes provide the best execution.

- Managed Account Services. If selected, we provide managed account services to participants of participant-directed defined contribution plans who elect to participate in this service. The investment advice will be based on the designated investment alternatives under the plan and will not take into account any investments held by the participant outside the plan. When offering this service, we will be an investment advice fiduciary under Section 3(21)(A)(ii) of ERISA, and participants will retain discretionary authority to implement such advice.
- Default Investment Alternative Management. We will develop and actively manage qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election.

### Non-Fiduciary Services

For these services, we do not render individualized investment advice to the plan and will not be held to a fiduciary standard with respect to such services.

- Strategic Planning and Investment Policy Services. We meet with the named fiduciary to gather information regarding the plan's investment policies and objectives and assist the named fiduciary in developing a written Investment Policy Statement ("IPS"). Any assistance may include using a template developed by a third-party. Alternatively, if the plan has an existing IPS, we review the existing IPS and assist the named fiduciary in determining whether the plan is performing consistent with the IPS and/or whether the IPS needs to be revised, based on an analysis of the plan's asset class and risk tolerance guidelines, liquidity requirements and performance goals of the plan, using information provided by the named fiduciary. The named fiduciary retains sole discretion to implement the objectives of the IPS, and we cannot guarantee that the plan will achieve its investment objectives.
- Plan Establishment/Conversion. We assist the named fiduciary in researching and evaluating the plan sponsor's needs to facilitate the named fiduciary's selection of a well-suited plan. We assist the plan sponsor and/or named fiduciary in identifying different types of retirement plans, plan documents and other materials and services necessary to establish, maintain or convert a retirement plan. The named fiduciary retains sole discretion as to whether to replace existing vendors and/or contract with new vendors.
- Plan Fee and Cost Review. We meet with the named fiduciary to conduct a periodic review, using a third-party tool, of fees and costs charged to plan by other service providers to assist the named fiduciary in discharging its duty to monitor the reasonableness of fees and costs paid by the plan.
- Third Party Service Provider Liaison. We act as liaison for the plan and the named fiduciary, on an as-needed basis, when dealing with the trustee, custodian, plan actuary, tax, legal, accounting or other third party service providers to plan. The named fiduciary retains sole discretion as to whether to hire and/or terminate such third-party providers.
- General Participant Education and Communication. We will conduct periodic group enrollment and education meetings with employees and educational meetings with plan participants and beneficiaries. We may provide information and materials that inform the plan participant, employee, or beneficiary, about the benefits of plan participation, benefits of increasing contributions, the impact of pre-retirement withdrawals, terms of the plan or operations of designated investment alternatives. We may also incorporate interactive investment materials to assist with future retirement income needs and the impact of different asset allocations on retirement income. We may also provide retirement readiness consulting which can incorporate third party software to assess a "gap" analysis to determine sufficient retirement income. Such advice shall not take into account individual financial circumstances of the plan participants.

Fees charged for these services are negotiated with each plan based on the complexity of the plan, the services to be provided, the investment advisor representative providing the services and the nature and total dollar value of the plan assets. The maximum management fee is 1.00% annually, and the exact fee is disclosed to you prior to services being provided. Related retirement services accounts can be bundled in order to receive a lower fee charge. Account bundling can only be done on accounts with the same fee schedule, within the same immediate family or under the same qualified plan. When accounts are bundled, the total average daily balance for all of the bundled accounts is used to determine the fee and this percentage is applied to each account respectively.

Fees for plan services will be outlined in the Retirement Plan Advisory Agreement or other client agreement. All fees and charges are noted on the plan's account statements, and the plan sponsor is responsible for verifying the accuracy of the fee calculation.

If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Retirement plan services can be terminated by either party upon 60 days written notice to the other party. Any services in progress are completed in the normal course of business. Fees are prorated based on the number of days services are provided. If fees are billed in advance, any prepaid, unearned fees are refunded based on the number of days remaining in the period after the termination date. If fees are billed in arrears, you are either billed for the prorated amount due or the prorated fee is deducted from your account.

### **Participant Services**

Advisor offers managed account services to participants in retirement plans utilizing the Bridge Portfolios, proprietary investment models comprised of investment options available in sponsored retirement plans. As part of this offering, participants are able to elect Advisor's asset allocation services through a variety of means within the retirement plan. Unless separately engaged, participant services only apply to assets with the applicable retirement plan for which the election is made.

We are in the business of providing comprehensive financial planning services which may include but not necessarily be limited to one or more of the following: retirement planning, education planning, planning for major purchases, life and disability insurance needs, long-term care needs, and/or estate planning issues, and a written financial plan from Advisor. Advisor may provide or make available information about such services to the plan participants. If a participant elects to engage Advisor for these services, Advisor will be entitled to compensation as described in a separate services agreement with such participant. Under such circumstances, Advisor and its shareholders would have a financial interest in such ongoing engagement. However, compensation for such services is not included in the plan advisory fee (including the managed account fee) and will not be charged to the plan or any participant account in the plan, and that any decision to engage Advisor to perform such services shall be made by the participant, in his or her sole and absolute discretion.

### **Data Collected**

As part of Advisor's participant profile, we gather information related to individual participants in order to formulate an asset allocation. This information may include, but is not limited to, participants' date of birth, date of hire, salary, social security number, phone number, street address, email address and risk tolerance. Periodically, we may request that participants update their personal information to provide better advisory services. It is the responsibility of the participant to notify Advisor of changes related to any pertinent details used to design an asset allocation for the electing participant.

### **Asset Allocation Services**

As part of the enrollment process for managed accounts, participants are asked to select one of three methods for determining how their account will be allocated. These methods include 1) a Risk Questionnaire, 2) an Age-based asset allocation or 3) an Override selected by the participant.

The Risk Questionnaire guides participants through a step-by-step assessment of their ability to take on a higher level of risk in exchange for the anticipation of a higher rate of return. Based on the responses provided by the participant, one of seven models is determined to be suitable for the participant.

The Age-based method is designed to provide a participant with a model portfolio reasonably allocated for an investor in the respective age band. The model the participant is invested in is adjusted periodically based on a pre-selected allocation range. The "Bridge Portfolios" section below provides additional details regarding the risk tolerance levels identified for each of the respective Age-based model portfolios

The Override option allows a participant to select from a pre-defined risk tolerance band without the need to complete a Risk Questionnaire. Participants will remain in the selected model until they elect to change to a different model, use a different method for determining their model or opt out of the advisory services.

#### Qualified Default Investment Alternative (QDIA)

A Qualified Default Investment Alternative ("QDIA") is a retirement plan provision allowing the plan sponsor to designate an asset allocation for participants who fail to complete an asset allocation election. The Department of Labor has issued guidance, rules and regulations related to the acceptance, governance and maintenance pertaining to QDIA administration and procedures. At the election of the plan sponsor, Advisor may be retained to provide QDIA services to the retirement plan – generally by utilizing the Age-based Bridge Portfolios (referenced and outlined below). This election in turn would effectively enroll participants into Advisor advisory services through Age-based Bridge Portfolios should a participant fail to provide an asset allocation. Participants are able to opt-out of the advisory services or change which Bridge Portfolio they are in at their election. Please reference the QDIA Notice provided by plans utilizing QDIA provisions for additional information. This notice may be requested from the plan sponsor, Human Resources representative or plan administrator.

#### Bridge Portfolios

Participants utilizing advisory services may be placed into one of five pre-designed model portfolios.

#### **Bridge #1 – Aggressive | Age 0-29**

An Aggressive investment objective indicates the client desires to maximize capital appreciation despite a correspondingly higher level of risk and volatility. The portfolio is predominately comprised of equity mutual fund investments – both domestic and international, however a small percentage of the portfolio may be allocated to fixed income mutual fund investments.

#### **Bridge #2 – Moderately Aggressive | Age 30-39**

A Moderately Aggressive investment objective indicates the client desires to provide for a high degree of capital appreciation by means of equity mutual funds – both domestic and international. A high degree of volatility is expected despite a small increase in fixed income mutual fund investments.

#### **Bridge #3 – Moderate | Age 40-49**

A Moderate investment objective indicates the client desires a balance between investments aimed at achieving capital appreciation and those seeking income. The portfolio is comprised slightly more of equity mutual fund investments, however a large percentage of the portfolio is invested in fixed income mutual funds.

#### **Bridge #4 – Moderately Conservative | Age 50-59**

A Moderately Conservative investment objective indicates the client desires long-term growth through capital appreciation along with a substantial investment in fixed income mutual fund investments in exchange for a decreased level of volatility. The portfolio is predominately allocated to fixed investments, although a high percentage of equity mutual funds remain.

#### **Bridge #5 – Conservative | Age 60+**

A Conservative investment objective indicates the client desires current income with a small potential for growth from capital appreciation. Since the client primarily is concerned with current income, the allocation to fixed income mutual fund investments is emphasized.

#### **Participant Services**

Upon separation of service, a participant may continue receiving advisory services through the applicable retirement plan. A participant's termination of employment from the plan sponsor does not in and of itself terminate the advisory services nor preclude the participant from receiving such services. If no action is taken by the participant or advisor, the advisory services existing prior to the participant's termination will remain in effect including the applicable asset management fee. As permitted by the applicable plan document, a participant may be allowed to take a full distribution from the plan effectively terminating the advisory services relationship.

#### **Terminating Participant Advisory Services**

Once a participant begins advisory services, an election may be made to opt out of the service by completing a "Bridge Opt-Out Form" and returning it to Advisor for processing. Depending upon the circumstances involved, Advisor may decide to receive direction to terminate advisory services verbally. Advisor retains the right to terminate participant advisory services as well. Should Advisor terminate participant advisory services, notification will be provided to the participant. If no action is taken by the participant, the asset allocation in effect at the point of advisory service termination will remain until the participant reallocates the portfolio.

Either party or the plan sponsor can terminate the agreement for services by providing written notice to the other, and termination is effective immediately upon receiving the notice. By regulatory rule, if services are terminated within five business days of signing the agreement, services are terminated without penalty. You are responsible for time expended by us prior to the effective date of termination. Fees are calculated by taking the quoted fee divided by 365 days. That resulting daily billing rate is then multiplied by the number of days services are provided in the current month, using the account balance as of the effective date of termination.

#### **Additional Compensation**

You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any recommendations made by our representatives. If you do decide to implement recommendations, you are responsible for taking any actions or implementing any transactions required. You are free to select any broker/dealer and/or insurance agent to implement our recommendations.

Our representatives can also be independently licensed as insurance agents and sell insurance products to any client. The representatives can earn commissions when selling insurance products in this separate capacity. This is a conflict of interest, since any commissions earned could be in addition to advisory fees earned in their capacity as an investment advisor representative.

Please see **Item 10, Other Financial Activities and Affiliations**, and **Item 12, Brokerage Practices**, for additional discussion on these conflicts of interest as well as other compensation.

From time to time, we will receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. Both we and our representatives endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that can impact the judgment of our representatives when making advisory recommendations.

### **Comparable Services**

We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

The amount of compensation we may receive in a particular program may be more than would be received if you participated in other programs or paid separately for investment advice, brokerage and other services. You may wish to consider the following factors when determining the reasonableness of advisory fees charged:

- The fee charged for developing an asset allocation study and/or developing an investment strategy
- Transaction and custody costs or other miscellaneous fees and taxes and/or charges, as well as commissions or mark ups and mark downs, on the purchase and/or sale of securities
- The cost of producing a quarterly performance report covering managed assets
- The value of the consulting service provided by Advisor in designing and monitoring your managed assets
- The cost of investment advice provided by Advisor
- The cost of the additional administrative, marketing, asset management, and other support services that may be provided

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not receive performance-based fees.

### **Item 7 – Types of Clients**

We provide investment advice to:

- Individuals, including high-net worth individuals
- Pension and profit sharing plans
- Trusts, estates or charitable organizations
- Corporations or business entities other than those listed above
- Pooled investment vehicles.

There are no minimum account investment requirements to establish a managed account. However, third party money managers may have minimum account requirements that can vary from manager to manager. Any account minimums are described in the manager's Disclosure Brochure that is provided to you if you establish an account with that manager.

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

### **Methods of Analysis**

We use fundamental analysis when considering investment strategies and recommendations for clients. Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, "brand" names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be very different from technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

We evaluate the potential benefits and risks inherent within investment categories. Investment characteristics are then matched to the client's needs and preferences to determine an appropriate mix of investment vehicles. Individual securities within a particular investment category are selected based on fundamental analysis. When managing assets, we may use model mutual fund asset allocation portfolio programs provided by a number of institutional investment managers and strategists.

There are risks with using this analysis method. Fundamental analysis takes a long-term approach to analyzing markets, often looking at data over a number of years. The data reviewed is released over years (e.g., quarterly financial statements). Therefore, fundamental analysis could mean a gain is not realized until a security's market price rises to its "correct" value over the long run--perhaps several years. The less frequent trading practices of fundamental analysis could also have a positive or negative impact on a client's portfolio value, but likely has reduced brokerage and transaction costs.

### **Investment Strategies**

When implementing investment advice, our strategies focus on:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Trading (securities sold within 30 days)

We gather information from financial newspapers and magazines, research materials prepared by others, corporate rating services and annual reports, prospectus and other filings with the Securities and Exchange Commission.

### **Risk of Loss**

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily

indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- Market Risk. Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systematic risk, which means the risk applies to the entire market.
- Equity (Stock) Market Risk. Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- Company Risk. There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- Options Risk. Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- Fixed Income Risk. Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk. ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.
- Management Risk. Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.
- Risks of Private Placements - A security exempt from registering with the U.S. Securities and Exchange Commission and state securities regulator is often referred to as a private placement or unregistered offering.
  - Only an "accredited" investor should invest in a private placement offering. To qualify as "accredited" investor, the investor must (a) have a net worth (not including primary residence) of at least \$1 million, or (b) have an income exceeding \$200,000 in each of the 2 most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year.
  - Private placement offerings often are speculative, high risk and illiquid investments. An investor can lose his or her entire investment in a private placement offering.
  - Private placement offerings are not subject to same laws and regulations, which are designed to protect investors, as registered securities offerings.



- Private placement offerings have not been reviewed by a regulator to make sure risks associated with the risks of private placement investment have been adequately disclosed to prospective investors.
- Private placement offerings often project higher rates of return, but this is typically because the risks of the underlying the private placement investment are also higher.
- Private placement offerings are generally illiquid, meaning there are limited opportunities to resell the underlying security of the private placement. Therefore, an investor may be forced to hold the private placement security indefinitely.
- Investors in a private placement offering are usually provided with less disclosure information than they would receive in a public securities offering. Consequently, investors know much less about the private placement investment and the people behind it.
- Private placement offerings have been used by fraudsters in the past, and consequently private placement offerings are one of the most frequent sources of enforcement cases conducted by state securities regulators. It may be very difficult or impossible for an investor in a private placement offering to recover the money invested from the sponsor of the private placement offering if such offering turns out to be fraudulent.
- Before investing in a private placement offering, an investor should carefully read and fully understand the subscription agreement and the offering memorandum/private placement memorandum.
- For additional details about private placement offerings and red flags associated with such offerings, please visit [http://www.sec.gov/oiea/investor-alerts-bulletins/ib\\_privateplacements.html#.VDane410yUk](http://www.sec.gov/oiea/investor-alerts-bulletins/ib_privateplacements.html#.VDane410yUk)

### **Primarily Recommend One Type of Security**

Recommended investments in these portfolios generally consist of domestic and international equity mutual funds or Exchange Traded Funds (ETFs) and fixed income mutual funds or ETFs. Mutual funds recommended to you are usually traded at net asset value ("NAV"), meaning that the per share price is computed once a day based on the closing market price of the securities in the fund's portfolio. Investors must wait until the following day to get the NAV trade price. Unlike mutual funds, an ETF trades like a common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold.

There is a risk in investing in mutual funds and ETFs. Different mutual fund and ETF (collectively referred to as "fund") categories have different risk characteristics, and you should not compare different categories. For example, a bond fund and a stock fund that both have below average risk still have different risk/return potential (stock funds traditionally have higher risk/return potential). Risks are based on the investments held in the fund. For example, a bond fund faces interest rate risk and income risk, and income is affected by the change in interest rates. A sector fund (investing in a single industry) is at risk that its price will decline due to industry developments. The following are some risks to consider when investing in mutual funds and ETFs:

- **Call Risk:** A bond issuer may redeem high-yield bonds before maturity date due to falling interest rates.
- **Default Risk:** A bond issuer may fail to repay interest and principal.
- **Income Risk:** Dividends in a fixed income fund may decline due to falling interest rates.

- **Geographical Risk:** Political events, natural disasters or financial problems may weaken a country or state's economy and cause investments to decline.
- **Industry Risk:** Stocks in a single industry may decline due to developments in that industry.
- **Inflation Risk:** Increases in the cost of living can reduce or eliminate a fund's actual returns when adjusted for inflation.
- **Manager Risk:** A manager may not execute the fund's investment strategy in a timely or effective manner.

### **Item 9 – Disciplinary Information**

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our brochure.

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

We do not have a related person that is:

- A broker/dealer, municipal securities dealer or government securities dealer or broker
- An investment adviser or financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- A banking or thrift institution
- An insurance company or agency
- A lawyer or law firm
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships

We are an independent registered investment registered advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives can sell other products or provide services outside of their role as investment advisor representatives with us.

### **Insurance Sales**

Some of our representatives are also independently licensed to sell insurance products through various insurance companies. When acting in this capacity, they will receive fees or commissions for selling these products. You are under no obligation to direct insurance transactions to insurance companies with which our representatives are licensed. Suitable insurance and investment products are available from other companies.

### **Accounting Services**

Erik J. Anderson is a Certified Public Accountant, and he has a separate sole proprietorship for accounting services. However, at this time he is not a practicing accountant.

### **Third Party Administrator**

Employee Incentive Plans, Inc. ("EIP") is a third party administrator that provides non-advisory services to employee retirement and benefit plan sponsors and their participants. These services include plan design, legal document preparation, Form 5500 filing, loan processing and participant distribution. When providing these services, EIP can receive a fixed fee and/or a percentage fee based on the value of

benefit plan assets. EIP also receives compensation from other sources including, but not limited to, administrative charges, services fees and plan expense reimbursements.

Plan participants have a variety of options to choose from when making their investment elections. One of those options is to request investment analysis and recommendations specific to their situation. If this option is selected, the participant will be referred by the plan sponsor to us for asset management services. If the participant elects to use our services, the participant will be required to enter into a client agreement with us and will be charged advisory fees as previously described. Please see **Item 5, Participant Services**, for additional information about advisory services and implementing recommendations.

Erik J. Anderson is co-owner and President of EIP. Although EIP does not provide advisory services and does not provide compensation of any type to Advisor, a conflict of interest exists due to Mr. Anderson's relationship with both entities and his earning compensation from both entities. Please see **Item 5, Fees and Compensation**, for additional information about advisory services and implementing recommendations.

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

### **Code of Ethics**

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. We have a fiduciary duty to all clients. We have established a Code of Ethics which all representatives and associated persons must read. They must then execute an acknowledgment agreeing that they understand and agree to comply with our Code of Ethics. Our fiduciary duty to clients is considered the core underlying principle for our Code of Ethics and represents the expected basis for all dealings with clients. We have the responsibility to make sure that the interests of clients are placed ahead of our own or our associated persons' own investment interests. All associated persons will conduct business in an honest, ethical and fair manner. All associated persons will comply with all federal and state securities laws at all times. We provide full disclosure of all material facts and conflicts of interest to clients prior to services being conducted. All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect their duty of complete loyalty to clients. This section is only intended to provide current clients and potential clients with a description of our Code of Ethics. If current clients or potential clients wish to review the Code of Ethics in its entirety a copy may be requested from any associated person, and it is promptly provided.

### **Participation in Client Transactions and Personal Trading**

We and our representatives may buy or sell securities or have an interest or position in a security for our personal accounts that we also recommend to clients. We are and will continue to be in compliance with state rules and regulations as well as *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations represent a conflict of interest, it is our policy that no associated persons will prefer his or her own interest to that of the advisory client. No person employed by us may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account. Associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry. We maintain a list of all securities holdings for ourselves that is reviewed on a regular basis by a principal of the firm.

## **Item 12 – Brokerage Practices**

If you elect to implement our advice, you are free to select any broker you wish.

### **Fidelity Institutional Wealth Services**

If you elect to utilize our asset management services, you must establish a brokerage account with Fidelity Institutional Wealth Services (“Fidelity”). Fidelity provides us with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Fidelity include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Fidelity also makes available other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all, or a substantial number, of our accounts, including accounts not maintained at Fidelity. Fidelity also makes available other services intended to help us manage and further develop our business. These services include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing

In addition, Fidelity makes available, arranges and/or pays for these types of services rendered to us by independent third party providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our recommendation that you maintain your assets in accounts at Fidelity is based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This creates a conflict of interest.

Please see **Item 5, Fees and Compensation**, for additional information about advisory services and implementing recommendations.

### **American Funds – 529 Plans**

In addition, we also render investment management services to some of our clients regarding their 529 college savings plans held at American Funds. In these situations, we either direct or recommend the allocation of client assets among the various mutual fund subdivisions that comprise the 529 college savings plan.

Although we recommend American Funds for 529 plans, please understand that we do not represent or guarantee that we will achieve the most favorable execution of client transactions, and the platforms we recommend may be more expensive than other platforms offering the same or similar services. Clients

are never required or obligated to utilize sponsors recommended by our firm and may use any plan/product sponsor they choose.

### **Best Execution**

While we do not allow directed brokerage, we must still use reasonable diligence to make certain that best execution is obtained for clients when implementing any transactions. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions surrounding the transaction execution is in the best interests of clients. When considering best execution, our associated persons look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with existing systems of the advisor, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered. We perform periodic reviews to determine that the relationship with Fidelity is still in the best interests of clients.

### **Soft Dollar**

Investment advisors may direct portfolio brokerage commissions to a particular broker/dealer in return for services and research used in making investment decisions in client accounts. The commissions used to acquire these services and research are known as “soft dollars.” Section 28(e) of the *Securities Exchange Act of 1934* provides a “safe harbor” that allows an investment advisor to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

Although we don’t allow directed brokerage, we receive products and services from Fidelity or other program sponsors and product issuers. These products and services are used for both research and non-research purposes and allows us to supplement, at no cost, our own research and analysis activities. These products and services can include, but are not limited to:

- Reports, publications and data on matters such as the economy, industries, sectors and individual companies or issuers, statistical information, account and law interpretations, political analyses, legal developments affecting portfolio securities, technical market actions, credit analyses, risk management and analyses of corporate responsibility issues
- On-line news services and financial and market database services
- Information management systems integrating quotation and trading, performance management, accounting, recordkeeping and document retrieval and other administrative matters
- Meetings, seminars, workshops and conferences with representatives of issuers, program sponsors and/or other analysts and specialists

Research obtained with soft dollars is not necessarily utilized for the specific account that generated the soft dollars. We do not attempt to allocate the relative costs or benefits of research among clients because we believe that, in the aggregate, the research we receive benefits all clients and assists us in fulfilling our overall duty to clients.

These arrangements create a conflict of interest to the extent that we would have to pay for some or all of the research and/or services with “hard dollars” if we were unable to obtain the research and services in exchange for commissions in connection with client transactions. Client trades are always implemented based on the goals and objectives of the client and not on any research, products or other incentives available.

### **Handling of Trade Errors**

Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. If we or our representatives are responsible for making a trade error in a client's account, the trade error is corrected, and the client's account is restored to where it would have been had the trade error not occurred. Any profit from the trade error is retained by Fidelity.

### **Block Trades**

We may use block trades in clients' managed accounts. This means we may elect to purchase or sell the same securities for several clients at approximately the same time when we believe such action may prove advantageous to clients. Block trades are initiated pursuant to objectives of the accounts (i.e., aggressive, conservative, etc. as determined by the associated persons) and are divided among client accounts based on the quantity desired in each account based on the size of the account (also determined by the associated persons). All identified accounts are treated equally when receiving the average price determined on the initiated trades. If a block trade cannot be fully filled on the day the order is placed, the associated persons will either prorate the initial trade requested among all identified accounts or consider another selection for the block trade that can be fully filled. We keep copies of block trade tickets and custodian confirmations.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation or remuneration as a result of blocking trades.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Managed accounts are reviewed on at least a quarterly basis. Erik J. Anderson performs all account reviews. The calendar is the main triggering factor for reviews, although reviews may also be conducted because of your specific request, a change in your circumstances or because of market issues. Absent your specific instructions, Mr. Anderson reviews accounts to see whether account composition and performance remain consistent with your goals and objectives. Reviews may also include a more detailed review of holdings in the event of any changes in any funds held (i.e., a new fund manager).

We recommend that you meet with our representatives at least annually for a complete review and update of your financial situation relative to your investment goals.

### **Account Reports**

You receive statements at least quarterly from the investment company, broker/dealer, clearing firm, money manager or custodian where your account is maintained. In addition, at your request, we can provide you with a Morningstar report on your portfolio holdings. There is no charge for this report.

We urge you to compare the managed account performance reports you receive from us with the account statements received from Fidelity. If you have questions about your account, you can contact us to discuss your concerns.

## Item 14 – Client Referrals and Other Compensation

### Client Referrals

We do not compensate anyone not affiliated with our firm for client referrals.

### Other Compensation

Please see **Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations** and **Item 12, Brokerage Practices**, for additional discussion about solicitor/referral fees from third party managers, other compensation and non-economic benefits.

## Item 15 – Custody

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does **not** include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the *Investment Advisers Act of 1940* and must ensure proper procedures are implemented. Please note that regulators have deemed the authorization to trade in client accounts to not be custody. However, we are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

## Item 16 – Investment Discretion

We manage your accounts on a discretionary basis or non-discretionary basis. If managed on a discretionary basis, this means we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority.

When discretionary authority is granted, it is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian.

If management services are provided on a non-discretionary basis, we always contact you before implementing any transactions in an account. You must accept or reject our investment recommendations, including (1) the security being recommended, (2) the number of shares or units and (3) whether to buy or sell. Once these factors are agreed upon, we are responsible for making decisions regarding the timing of the purchase or sale and the price at which it is bought or sold. You should know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of implementing trades, and we may not achieve the optimal trading price.

You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement.

### **Item 17 – Voting Client Securities**

Neither we nor our representatives perform proxy voting services on your behalf. If the account is for a pension or other employee benefit governed by ERISA, the right to vote proxies is expressly reserved for the plan's trustees or other plan fiduciary and not us. All proxy materials are sent directly to you, and you should read through the information provided with the proxy materials and make a determination based on the information provided. You are solely responsible for all proxy voting decisions.

### **Item 18 – Financial Information**

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

### **Business Continuity and Contingency Plan**

We have a business continuity and contingency plan in place designed to respond to significant business disruptions. These disruptions can be both internal and external. Internal disruptions will impact our ability to communicate and do business, such as a fire in the office building. External disruptions will prevent the operation of the securities markets or a number of firms, such as earthquakes, wildfires, hurricanes, terrorist attack or other wide-scale, regional disruptions. Our response to an external business disruption relies more heavily on other organizations and systems, especially on the capabilities of the clearing firm.

Our continuity and contingency plan has been developed to safeguard employees' lives and firm property, to allow us a method of making financial and operational assessments, to quickly recover and resume business operations, to protect books and records and to allow clients to continue transacting business.

The plan includes:

- Alternate locations to conduct business;
- Hard and electronic back-ups of records;
- Alternative means of communications with employees, clients, critical business constituents and regulators;
- Review of the contingency plans for the registered representatives' broker/dealer and clearing firm and also sponsors of investment programs utilized by us for client investments; and
- Details on our employee succession plan

Our business continuity and contingency plan is reviewed and updated on a regular basis to ensure that the policies in place are sufficient and operational.

### **Class Action Lawsuits**

You retain the right under the applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for you. We do not



initiate such a legal proceeding on your behalf and do not provide legal advice to you regarding potential causes of action against such a security issuer and whether you should join a class-action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Moreover, our services do not include monitoring or informing you of any potential or actual class-action lawsuits against the issuers of the securities that were held, purchased or sold by or for you.

### **Policy Privacy Statement**

We are committed to safeguarding the confidential information of our clients. We hold all personal information provided to us in the strictest confidence. We also have relationships with other non-affiliated investment advisor firms, insurance companies, trust companies, custodians and other financial institution entities. Except as required or permitted by law, we do not share confidential information about clients with non-affiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of confidential client information, we provide written notice to clients, and clients are given an opportunity to direct whether such disclosure is permissible.

### **An Important Notice Concerning Customer Privacy**

**Customer Information Collected.** We collect and develop personal information about clients and some of that information is non-public personal information ("Customer Information"). The essential purpose for collecting Customer Information is to provide and service the financial products and services clients obtain from us. The categories of Customer Information collected depend upon the scope of the engagement with us and are generally described below. As an investment advisor, we collect and develop Customer Information about clients in order to provide investment advisory services. Customer Information collected includes:

- Information received from clients on financial inventories through consultation with our representatives. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning the client's financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about client financial products and services transactions with us.

**Data Security.** We restrict access to Customer Information to those representatives and employees who need the information to perform their job responsibilities within the firm. We maintain agreements, as well as physical, electronic and procedural securities measures, that comply with federal regulations to safeguard Customer Information about clients.

**Use and Disclosure of Customer Information to Provide Customer Service for Client Accounts.** To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for us to provide access to Customer Information within the firm and to non-affiliated companies such as other investment advisors, other broker-dealers, trust companies, custodians and insurance companies. We may also provide Customer Information outside of the firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

**Former Clients.** If clients close an account with us, we continue to operate in accordance with the principles stated in the Notice.

**Requirements of Federal Law.** In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* ("GLBA"). The GLBA requires certain financial institutions, including broker-dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to non-affiliated third parties other than as permitted or required by law, customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that we do not disclose Customer Information to non-affiliated third parties except as permitted or required by law (e.g., disclosures to service client accounts or to respond to subpoenas).