

**Firm Brochure**  
(Part 2A of Form ADV)

**FBD Asset Mgmt., LLC**

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March 26, 2024

This brochure provides information about the qualifications and business practices of FBD Asset Mgmt. LLC, (herein “FBD” or the “Firm”) If you have any questions about the contents of this brochure, please contact us at: 866-404-0089. 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.

FBD Asset Mgmt., LLC, is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information you may use in determining whether to hire or retain an Adviser.

Additional information about FBD Asset Mgmt., LLC, is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 MATERIAL CHANGES

Initially, we will provide you with this brochure which highlights information about our qualifications, business practices, and potential conflicts of interest. Thereafter, on an annual basis, if there have been any material changes to the information in the brochure during the previous year, we will provide you with one of the following:

- An updated annual brochure along with a summary of material changes which will be provided within 120 days of the close of our business fiscal year. Our business fiscal year-end is December 31st.
- A summary of material changes within 120 days of the close of our business fiscal year-end that includes an offer to provide a copy of the full annual updated brochure and information on how you may obtain the brochure from us.

Throughout any calendar year, we will also provide you with an updated interim amendment to our brochure under the following circumstances:

- We report any new information in response to Item 9 of Part 2A regarding disciplinary information about the firm or any of its management personnel.
- Any material change that could affect the relationship between you and us.

We will provide, *free of charge*, a new brochure any time at your request, or as may become necessary based on material changes as outlined above.

You may request our brochure by contacting our office at 866-404-0089. You may also receive this and any other disclosure documents via electronic delivery, where allowed, by requesting from us and then signing and returning to us an authorization to deliver disclosure and other documents electronically.

Additional information about FBD Asset Mgmt., LLC is also available via the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with our Firm who are registered, or are required to be registered, as investment adviser representatives of FBD Asset Mgmt. LLC.

There have been no material changes since our last Form ADV Part 2A update.

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## **ITEM 4    ADVISORY BUSINESS**

The Firm is an SEC-registered investment adviser with its principal place of business located in Minnesota. The Firm began conducting business in 2020.

Principal shareholders owning more than 25% of our firm include:

- Kevin Miller, Sole Member, Chief Investment Officer

As used in this brochure, the words “we,” “our” “us”, “FBD” and “Firm” refer to FBD Asset Mgmt., LLC, and the words “you”, “your” and “client” refer to you as either a client or prospective client of our Firm.

### **Investment Management Services**

Our Firm provides investment advice and investment management services primarily, although not exclusively, to individuals, both high net worth and otherwise. A more detailed list of client types we work with can be found in Item 7 of this brochure.

As part of our strategy, we identify, with the client’s input and acknowledgement, the types of investments most appropriate for their individual situation. This may include, but is not limited to, investments in CD ladders, government treasuries, government bond ladders, ETFs, and The Evaluator Funds which are mutual funds offered by an affiliated advisor, Systelligence, LLC.

For all investors, we will work with you to ascertain your investment parameters for your assets we manage. This is accomplished through discussions with you or your representatives. We will manage your portfolio based on the agreed upon mandate for your assets. For all investors we utilize one or more of the above referenced investment vehicles; CDs, government treasuries, government bonds, ETFs, and The Evaluator Funds, as described in the previous paragraph.

We may from time to time recommend changes to your investment strategy based on our research and opinions regarding specific investments, the markets in general, or your requests. You may disagree with our assessments and direct us to leave the investments as is, or to make broader changes to the investments. At your discretion, you may contact us and request changes to any of your investments. As part of our on-going responsibility to you, we may request additional information from you and will render our opinion on your requested changes. If we feel that your request is not in your best interests, we will inform you of that opinion. If either you or we feel that we can no longer provide the level of service you require, the investment management agreement (“Agreement”) can be terminated with notice, as detailed in your individual Agreement with us.

For all clients, we continuously monitor the underlying securities, and when necessary we may or you may request, that we add, trim, or remove a specific security or securities from the portfolio.

We generally manage your portfolio on a discretionary basis, although we will consider an Agreement with you on a non-discretionary basis. Unlike a non-discretionary Agreement which requires you to approve any recommended transactions before we execute them, a discretionary Agreement allows us to buy and sell various investments on your behalf without your prior approval. A non-discretionary Agreement requires your approval in advance of our taking any action on your account. You may revoke both the discretionary and non-discretionary authority at any time with written notification. We monitor

your account based on your stated objectives. These objectives may include, but are not limited to items such as:

- Maximum capital appreciation
- Growth
- Growth and income
- Tax considerations

You may put reasonable restrictions on how your assets are invested. These restrictions could include, for example, your request that we do not make investments in specific types of securities.

In addition to the above referenced investments and/or strategies, we may at your request, also provide you with advice about other types of investments not mentioned herein.

To ensure that our initial evaluation of your portfolio remains suitable, and that we continue to manage your account in a manner consistent with your financial circumstances, we will:

- Rely on you to inform us of changes that may impact management of your account; and
- Be reasonably available to consult with you.

Most investments involve some risk. Investments will only be implemented or recommended when consistent with your investment objectives, tolerance for risk, liquidity and suitability.

## **Amount of Managed Assets**

As of 12/31/2023, FBD Asset Mgmt LLC, manages approximately \$41,167,063 in assets. All the assets are currently managed on a discretionary basis and \$0 is managed on a non-discretionary basis.

## **ITEM 5 FEES AND COMPENSATION**

### **Investment Management Services**

#### Separate Accounts

Our firm only manages separate accounts for our clients. Our annual fee for Investment Management Services of separate accounts is based upon a percentage of assets under management. While the fees you are charged may vary depending on other criteria outlined within this section, generally, the fee schedule is as follows:

Assets Under Management	<i>Annual Fee</i>
< \$500,000	1.50%
\$500,000 to \$1,000,000	1.25%
> \$1,000,000 to \$1,500,000	1.00%
> \$1,500,000	0.75%

Fees and required account size to attain a certain fee level may be negotiable on a client-by-client basis depending on a number of factors, including the type and nature of services provided, complexity of the account, amount of assets managed on an aggregate basis for any particular client, and/or anticipated

future additional assets. The annual fee schedule you will be charged is clearly identified in the Agreement between us. Your fee structure will never increase from the fee stated in your Agreement unless agreed to in writing by you and made a part of the original Agreement.

### Mutual Funds

When our Firm uses mutual funds as part of your investment strategy, we generally will use proprietary mutual funds of an affiliate of ours under common control with the owner of this Firm. The name of the affiliate is Systelligence, LLC, an SEC registered investment advisor. Systelligence, LLC, manages six different mutual funds called The Evaluator Funds. Each of these funds invests in other non-affiliated ETFs and mutual funds. When you and our Firm agree in writing as part of your Agreement to the use of our affiliated firm's mutual funds, our affiliate will receive a management fee that is described in each Fund's prospectus. This fee will be paid to our affiliated firm in accordance with each fund's prospectus and the affiliated firm's specific investment advisory agreement with each fund. In addition, when invested in our affiliated firm's mutual funds you will indirectly bear your pro rata share of the fees, expenses, and charges described in each fund's prospectus, including management fees and other expenses of underlying mutual funds held by one of our affiliated firm's mutual funds. Such fees, expenses, and charges, depending on the share class used, may include, but are not limited to, investment management fees, 12b-1 fees, shareholder service fees, fees incurred for legal, audit, custodial services provided to the funds, and the cost of transactions effected for the funds such as brokerage and execution charges, markups, and commissions.

### Investments in Our Affiliated Firm's Mutual Funds

When we determine that any part of your assets that we manage will be invested in one of our affiliated firm's mutual funds, we will always attempt to purchase the share class of the fund that provides you with the lowest overall cost, including trading costs and commissions. We do this by working with you to evaluate the frequency with which you anticipate trading in the funds, including additional investments you may make. We will discuss with you how many trades you can make in the Service Share class, which is the lowest cost share class, but which charges a fee for every trade you make, versus making the same number of trades in the R4 Share class which charges a higher total fee that includes a 25 bps (.25%) 12b-1 fee, but currently does not charge a per trade fee for every trade. The estimate of the number of trades you might make is important in determining which share class you wish us to invest in on your behalf.

The risk to you is that your evaluation of how many trades you anticipate making may not be what actually occurs, and you could pay a higher total cost, either in the form of a higher investment management fee and other associated fees outlined in the previous paragraph, or in the form of a higher per trade fee paid to the broker. We will, however, work closely with you to assist you in making that determination. There may be tax implications if you should choose to change from one share class to another. You should work with your tax advisor when contemplating any change in share class.

It is also important to know that if you choose to use the R4 share class, our Firm will not receive any portion of the 12b-1 fee. The 12b-1 fee will be for the benefit of Charles Schwab as the broker of your transactions. At no time will we invest your assets in the higher cost share class in order to secure any residual payment for the benefit of the Firm, such as the 12b-1 fee.

### Fees When Investing in Our Affiliated Firm's Mutual Fund(s)

With your advance knowledge and approval, we will invest a portion or all your assets which are being managed as part of a separate account with our Firm, into one of our affiliated firm's mutual funds. In

addition to the fee you will pay us as part of your Agreement with our Firm, which will be based on the total amount of assets in your Account(s) that we manage on your behalf, including our affiliated firm's mutual funds, you will also incur the expenses of our affiliated firm's mutual funds, including a separate investment management fee, which will be deducted directly from the account balance of those funds.

## **Calculation and Payment of Management Fee**

Your fee will be calculated on a monthly basis and will be billed and paid in arrears. To calculate your fee, we take the value of all assets in your portfolio as of the last day of the preceding month. That amount is then multiplied by the fee percentage detailed in your Agreement, which results in an annualized fee. The annualized fee is divided by twelve to arrive at the monthly fee you will be charged.

Should either of us terminate this Agreement for any reason, the fee shall be pro-rated for any portion of a month that we manage the portfolio. This prorated period would include any notice required to be given in accordance with your Agreement.

The fee that we charge you for the investment management of your assets is exclusive of, and in addition to, brokerage commissions, transaction fees, custodial fees, any other related costs and expenses, as well as the management fees and expenses charged by our affiliated mutual funds. FBD does not receive any portion of the brokerage commissions, transaction fees, and/or other costs and expenses, other than the management fee you pay us as outlined in your Agreement with us.

In addition to investments in our affiliated firm's mutual funds, a portion of your assets that we manage may be invested in laddered government treasuries, laddered government bonds, laddered CD's, equities, other mutual funds, and ETFs. Each of these investment vehicles, other than equity securities, charge an annual internal management fee, as outlined in their prospectuses, which will be deducted directly from your account balance by that fund or product. We do not receive any of these additional fees, however, these fees do represent an additional cost that you are paying above what we charge you.

We request that you authorize and direct the custodian of your account to pay our fees directly to us from the portfolio. However, it is your option to authorize this process and if you do not approve of the direct deduction from your account, we will submit periodic invoices directly to you or the custodian, as you request.

Our employees, their family members, and our proprietary accounts may be exempt from management fees charged by us to manage these accounts.

***Advisory Fees in General*** - Please note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

## **ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Our Firm does not charge performance-based fees or engage in Side-By-Side Management.

## **ITEM 7 TYPES OF CLIENTS**

Our Firm provides advisory services primarily to the following types of clients:

- Individuals (other than high net worth individuals)

- High net worth individuals
- Corporations

For separate accounts, we generally require a minimum opening account size of at least \$100,000. This is a guideline only and any minimum account size can be waived, increased, or decreased at any time for any reason.

Examples of why we may choose to waive or decrease the minimum include; the value of all accounts we manage for you which are controlled by you or which are part of your household; the anticipation of additional accounts you may open with us; or the level of complexity required to manage your account(s) is low.

***Grandfathering of Minimum Account and Fee Requirements*** –In time there may be new clients who are subject to new account and fee requirements. As such, existing clients established prior to those new requirements may continue under the requirements at the time they originally entered a relationship with our Firm. Therefore, it is important to understand that our Firm's minimum account requirements and fees can differ among clients.

## **ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Methods of Analysis**

Generally, we use a proprietary software of an affiliated entity to provide the basis for investments we make in any ETF, mutual fund, or one of our affiliated firm's mutual funds. This software is a sophisticated web-based analytical tool that analyzes data received from Morningstar. The Evaluator software can look at over 40 objective criteria established with input from the client and the Firm. Some of these criteria include 12b-1 fees, management tenure, Alpha, Beta, Sharpe Ratio, Standard Deviation, Up/Down Capture and many others. With the assistance of this software, together we can evaluate those criteria that are important to your investment strategy and the individual investments, other than government treasuries and government bonds, that are ultimately held in your portfolio. In addition, we may employ one or more of the following methods of analysis in confirming our investment advice based on the output of The Evaluator software.

***Asset Allocation*** - Rather than focusing only on securities selection, we work with you to identify an appropriate ratio of securities and cash suitable to your investment goals and risk tolerance. Once we have determined what we feel is the proper allocation, we identify the funds, ETFs, and/or government securities to make up that allocation.

A risk of asset allocation is that you may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities and cash will change over time due to stock and market movement and, if not rebalanced, will no longer be allocated in the manner appropriate for your goals.

***Mutual Fund/ETF Analysis*** – Through The Evaluator software, we look at the experience and track record of the manager of an underlying mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to successfully invest over a period of time and in different economic conditions.

We also look at the underlying assets in a mutual fund or ETF to determine if there is significant overlap

in the underlying investments which may be held in other fund(s) in your portfolio. We also monitor the underlying funds or ETFs to determine if they are continuing to follow their stated investment strategy.

A specific risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different ETFs or mutual funds held by one of our affiliated firm's mutual funds may purchase the same security, increasing the risk to you if that specific security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for your portfolio.

***Risks For All Forms Of Analysis*** - Our securities analysis methods rely on the assumption that the investments we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data.

While we try to be aware of any indications that data may be incorrect, there is always a risk that our analysis, as a result of incorrect data, may be compromised, and therefore, incorrect. This may result in the poor performance of your investments or a loss of your principal.

## **Investment Strategies**

We may use a single strategy or multiple strategies when managing your account(s). We review with you any strategy we may use for your account(s) to make sure that strategy is appropriate to your needs and consistent with your investment objectives, risk tolerance, time horizons, and other considerations. The following are the primary types of investment strategies we may use in the management of your account(s).

***Use of Laddered CDs, Government Treasuries, and Government Bonds*** – As part of our investment strategy and in consultation with you we may incorporate laddered CDs, laddered government treasuries, and laddered government bonds into your investment portfolio. This will involve establishing a purchase of any one of these securities with maturities of 90 days to one year. As each security matures it will be renewed for one year. This strategy helps to protect principal while allowing the portfolio to receive some interest on its funds, the ability to redeem and pull out any principal without penalty on a shorter-term investment, and protection against default.

***Long-term Purchases*** - We purchase equities, mutual funds or ETFs with the idea of holding them in your account for twelve (12) months or longer depending on the signals we receive from our affiliated firm's software. Typically, we employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for a long period of time, we may not take advantage of short-term gains that could be profitable to you. Moreover, if our projections are incorrect, a security may decline sharply in value before we make the decision to sell, resulting in loss to your portfolio.

***Short-term Purchases*** - We are not short-term investors, however circumstances as identified by our affiliated firm's software and our investment management team (market, ETF or mutual fund

management team, legal, regulatory, etc.) may dictate that we exit a position far sooner than we originally anticipated. While not a strategy of the Firm, a risk in this situation occurring would be that we sell a security before it has made the move upward that we anticipated, or that after we have sold the security, circumstances change, and the security continues to move higher.

***Option Writing*** – We do not utilize options.

***Margin Transactions*** - We do not utilize margin transactions.

## **Risk of Loss**

Investments in most any type of security involves the risk of loss. The types of risks that you may experience using any of our strategies includes, but may not be limited to:

- Loss of Principal Risk
- Interest Rate Risk
- Market Risk
- Inflation Risk
- Currency Risk
- Liquidity Risk
- Business Risk
- Financial Risk

**Past performance of any security does not guarantee future results.**

## **ITEM 9 DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that are material to your evaluation of our advisory business or the integrity of our investment management personnel.

The Firm and our investment management personnel have no reportable disciplinary events to disclose.

## **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The Firm does not receive any additional compensation for services or products from any other entity. In addition, we do not receive any additional compensation for placing your assets in a non-affiliated mutual fund or exchange traded fund.

At no time is your Agreement to work with our Firm conditioned upon using one of our affiliated firm's mutual funds. While we feel we understand these funds very well and believe they can be an integral part of your investment strategy, you are free to decide against utilizing those funds or any of the other investments we may recommend for your portfolio. We also reserve the right to not accept working with you both at the beginning of our potential relationship and at any other point in our relationship if we feel we cannot implement the strategy we recommend due to restrictions you may require or subsequently impose.

A potential conflict exists due to common ownership of various investment related firms and the use of

our affiliated mutual funds. Your agreement to use the Evaluator Funds managed by our affiliate, Systelligence, LLC, will result in you paying investment management fees to both FBD Asset Mgmt and to Systelligence. You should also understand that we have an incentive to utilize our affiliated mutual funds because in doing so we receive both the fees you pay the Firm and the fees you pay our affiliated firm for investing in the mutual funds it manages. The sole member of our Firm is the primary owner of the affiliated investment advisory firm, Systelligence, LLC, which is the advisor to our affiliated firm's mutual funds, The Evaluator RMS Funds. In addition, he is also the owner of the software company, The Evaluator, LLC, that we utilize for the selection of other mutual funds and ETFs. The software is also utilized by our affiliated firm in the selection of underlying ETFs and mutual funds that make up a part of our affiliated firm's mutual funds.

In the future, if other conflicts were to arise regarding our current, or any new financial industry activities or affiliations, including the receipt of compensation from those sources, other than as already disclosed in this document, we would:

- Disclose in this section the existence of those material conflicts of interest, including the potential for our Firm and our employees to earn compensation in addition to our Firm's stated advisory fees;
- Disclose to you, as we have done in this section, that you are not obligated to purchase recommended investment products from our employees or affiliated companies;
- Require that our employees seek prior approval of any outside employment activity, other than has already been outlined herein, so that we may ensure that any conflicts of interests in such activities are properly addressed; and
- Periodically monitor outside employment activities, other than those already identified herein, of our employees to verify that any conflicts of interest continue to be properly addressed by our Firm.

## **ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Our Firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

We believe that our Firm and its employees owe a duty of loyalty, fairness and good faith towards all our clients and have an obligation to adhere not only to the specific provisions of our Code of Ethics but to the general principles that guide the Code of Ethics.

The purpose of our Code of Ethics is to reinforce the fiduciary principles that govern the conduct of our Firm and the actions of our advisory personnel. Each member of the Firm is instructed to act in the best interests of all our clients, to avoid any real or potential conflicts of interest, and to conduct their personal activities with the utmost of integrity.

Our Code of Ethics has been distributed to all members of the Firm. The following is a summary of the policies contained in our Code of Ethics:

- Standards of Business Conduct

- Compliance with Federal Securities Law
- Review and/or Approval of Personal Securities Transactions by All Employees
- Obligation to Report Violations and Enforcement of Sanctions Where Necessary
- Annual Employee Certification Required if Material Changes Occur

Our Code of Ethics includes policies and procedures for the review of certain proposed transactions, quarterly securities reporting, initial and annual securities holdings reports that must be submitted by the Firm's access persons, and restrictions on the acceptance of significant gifts, including the reporting of certain levels of gifts and business entertainment items incurred or provided by our personnel. Our Code of Ethics also provides for oversight, enforcement, and recordkeeping provisions.

In addition, our Code of Ethics prohibits the use of material non-public information. We do not believe that we have any access to non-public information, however, employees are reminded that such information, if ever received, may not be used in any manner.

You may receive a free copy of our Code of Ethics by sending your request to [krebbeck@beaconcompliance.com](mailto:krbubeck@beaconcompliance.com), or by calling us at 913-239-0100.

## **Interest in Client Transactions**

Our Firm does not participate in Principal Trades or in Agency Cross transactions. Principal transactions are those where our Firm, acting on behalf of our own account, buys or sells a security to you or another client. An Agency Cross transaction is one in which our Firm acts as a broker for both the buyer and seller of a security.

We will not recommend to you or other clients that you take a position in a security in which our Firm, our employees, or our related persons have a material financial interest, except our recommendation that you invest in our affiliated firm's mutual funds.

## **Personal Trading**

Our Code of Ethics is designed to assure that the personal securities transactions by our employees, and the activities and interests of our employees, will not interfere with:

- Making decisions in your best interests; and
- Implementing such decisions while, at the same time, allowing our employees to invest for their own accounts.

Our Firm may recommend to you or invest any of your assets in individual equity securities, mutual funds, ETFs, our affiliated firm's mutual funds, CDs, ladder government treasuries, and ladder government bonds. Our Firm and employees of our Firm may make recommendations to you for the purchase or sale of the above-mentioned securities that we either may:

- Already have an interest in prior to your onboarding as a client of the Firm; or
- Subsequently may invest in after you have become a client of the Firm.

Additionally, we do not restrict the purchase of any securities by our employees, with very limited exceptions, however, all our employees must receive pre-approval prior to investing in any of our affiliated firm's mutual funds. We generally do not aggregate trades.

Additionally, we have incorporated the following policies and procedures as part of our Code of Ethics to ensure we comply with our regulatory obligations and to provide you, other clients, and other potential clients, with full and fair disclosure of such conflicts or potential conflicts of interest:

- No principal or employee of our Firm may put his or her own interest above the interest of your account(s).
- No principal or employee of our Firm may buy or sell any security for their personal portfolio(s) where their decision is based on information received because of his or her employment unless the information is available to the investing public.
- We identify what we consider to be Reportable Securities or Reportable Funds as part of our Code of Ethics. Our employees and anyone associated with our Firm that has access to our investment recommendations is referred to as an "Access Person".
- Any individual who violates any of the above restrictions may be subject to varying levels of disciplinary action including termination.
- We will maintain all records regarding personal securities transactions as is detailed in Rule 204A-1 of the Investment Advisors Act of 1940.

## **ITEM 12 BROKERAGE PRACTICES**

### **Research and Soft Dollar Benefits**

Our Firm does not maintain any third-party soft dollar arrangements or agreements with any broker-dealer. However, we may receive research and services from Charles Schwab member FINRA/SIPC, that, while not covered in a soft dollar agreement, nonetheless may be a benefit to our Firm.

For all transactions with your account we will utilize Charles Schwab's brokerage services.

We have an arrangement with Charles Schwab through which by maintaining the minimum required client assets we may receive brokerage services which can include:

- Execution of securities transactions;
- Custody services;
- Research;
- Access to mutual funds, ETFs, and other investments generally available only to institutional investors or individual investors with significantly higher minimum initial investment requirements;
- Administrative support; and
- Record-keeping and related services that are intended to support intermediaries like us in conducting business and in serving the best interests of our clients but that may also benefit us.

Charles Schwab charges brokerage commissions and transaction fees for effecting certain securities transactions for us. For example, depending on the share class purchased for your account, transaction fees may be charged for our affiliated firm's mutual funds, ETFs, and other investments made for your portfolio. In addition, as discussed previously in this document, Charles Schwab may receive 12b-1 fees and shareholder service fees when purchasing certain share classes of our affiliated firm's mutual funds. We do not receive any of these fees.

Charles Schwab may enable us to obtain certain ETFs and our affiliated firm's mutual funds without transaction charges for certain share classes as noted in this document. Charles Schwab's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Charles Schwab may be higher or lower than those charged to you by other custodians and broker-dealers.

As part of our arrangement with Charles Schwab, they may also make available to our Firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Charles Schwab directly from independent research companies. These research and brokerage services may be used by our Firm to assist in managing accounts for which we have investment discretion.

We may also receive additional services from Charles Schwab. Without this arrangement with them, we might be compelled to purchase the same or similar services at our own expense.

As a result of receiving these services for no additional cost, we may have an incentive to continue to use or expand the use of Charles Schwab's services. We have examined this potential conflict of interest when we chose to enter the relationship with Charles Schwab and have determined that the relationship is in the best interests of our clients and satisfies our client obligations, including our duty to seek best execution, where applicable.

You may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not necessarily the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness.

Accordingly, we may not necessarily obtain the lowest possible commission rates for your specific account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all our clients, a brokerage commission paid by you may be used to pay for research that is not used in managing your specific account. The reverse may be true as well.

Charles Schwab may also provide us products and services to assist us in managing and administering your account(s). This includes software and other technology that may:

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

We may also receive other services intended to help us manage and further develop our business enterprise. These services may include:

- Compliance, legal, and business consulting;
- Publications and conferences on practice management and business planning;
- Access to employee benefits providers, human capital consultants, and insurance providers.

Charles Schwab may make available third-party vendors for some of the services rendered to us. Charles Schwab may discount or waive fees they would otherwise charge for some of these services, or they may pay all or a part of the fees of the third-party providing these services to our Firm. Charles Schwab may also provide benefits such as educational events for our personnel.

In evaluating our decision to utilize Charles Schwab for your brokerage and custody services, we may consider the availability of some of the previously mentioned services as part of our consideration for utilizing Charles Schwab. Thus, this decision is not based solely on the nature, cost or quality of custody and brokerage services provided by Charles Schwab. This may create a potential conflict of interest.

Neither our Firm nor any of our affiliated entities is affiliated with Charles Schwab or any other broker-dealer.

### **Brokerage for Client Referrals**

Our Firm does not receive or participate in any program whereby we receive client referrals in exchange for using any particular broker-dealer.

### **Directed Brokerage**

We will recommend that you allow us to utilize Charles Schwab as the broker for your account. You are under no obligation to allow us to use Charles Schwab as we recommend, however, in that instance we would decline to engage in an Agreement with you.

If you allow us to utilize Charles Schwab for your account, your Agreement with us will reflect that you are providing us with the authority to establish, or assist you in establishing, that relationship with them. In addition, based on our conversations with you and an evaluation of your anticipated trade frequency you will choose the share class and the subsequent commission costs that will be charged to you for these transactions.

### **Trade Aggregation and Allocation**

Due to the types of clients we work with, and the disparate nature of contributions and withdrawals, transactions for each client account are generally effected independently unless the Firm decides to purchase or sell the same securities for multiple clients at approximately the same time and from the same brokerage firm.

At this point our Firm may, **but is not obligated to**, combine or “batch” your orders with orders of other clients. When an employee of the advisor is seeking to sell the same security at the same time as yours, if allowed and in keeping with our Code of Ethics, and when possible, we are obligated to combine or “batch” your order with the employee’s order. In no event will an employee receive any preferential treatment over any account of yours or of other clients.

We also may choose not to aggregate orders except in the instance of an employee entering an order at the same time as your account.

## **ITEM 13 REVIEW OF ACCOUNTS**

### **Investment Management Services**

### Review of Account(s)

We monitor the securities within your account(s). Accounts are reviewed in the context of your stated investment objectives and guidelines. Unless otherwise instructed by you, all account(s) are generally reviewed on an on-going basis and as you may request, or as material events may dictate. These material events may include:

- Market driven events;
- Economic events; and
- Political events.

In addition to any reports we may provide, you should receive at least a quarterly report from Charles Schwab.

### Regular Reports

We do not provide a regular report detailing your account holdings however, you may request a report detailing your account holdings and account performance from us at any time. In addition, you should also receive monthly or quarterly reports, as well as annual reports, from Charles Schwab.

## **ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

Our firm does not engage solicitors or pay any related or non-related persons for referring potential clients to our firm.

It is our policy not to accept or allow our employees and related persons to accept any form of compensation, including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services we provide to you.

## **ITEM 15 CUSTODY**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that we request you direct Charles Schwab to allow our Firm to directly debit your management fees from your account(s). Again, the approval of the direct debit of fees is solely your choice. You have no obligation to allow us to do so.

Technically, SEC rules consider the action of direct debiting of fees to be considered maintaining custody. However, if this is the only manner in which we are considered to have custody and certain conditions are met, we will not be subject to the requirements established for true custody of your assets.

If you agree to allow us to direct debit fees from your account(s), we will require authorization in writing from you. Each billing period we will notify Charles Schwab of the amount of the fee to be deducted from your account(s). On at least a quarterly basis, Charles Schwab is required to send to you and us a statement showing all transactions, including management fees disbursed from your account during the reporting period.

Because Charles Schwab does not calculate the amount of the fee to be deducted from your account, it is important you carefully review your custodial statements to verify the accuracy of the calculation, among other things. You should contact us directly if you believe there may be an error in your statement.

**We urge you to carefully review the information provided in the statements you receive from Charles Schwab to ensure that all account transactions, including the debit of management fees, holdings, and values are correct and current.**

Our Firm does not have actual or constructive custody of any client assets.

## **ITEM 16 INVESTMENT DISCRETION**

### Non-Discretionary

In limited cases, we may manage your account on a non-discretionary basis. This means that the Agreement between you and us will allow us to recommend changes to the investments you hold in your portfolio and to the allocation of those investments. Once we have made those recommendations to you, it is completely up to you to approve or disapprove of those recommendations. If you approve of the recommendations, we will execute any trades resulting from those recommendations on your behalf. We will negotiate a commission or per trade fee with Charles Schwab, however you must approve that fee and are under no obligation to do so.

### Discretionary

Generally, we will enter an Agreement with you which provides for us to perform services as outlined in the preceding paragraph in a fully discretionary capacity. Under a discretionary Agreement we can choose the broker, determine the securities and allocations for your portfolio, execute trades, and determine the commissions to be paid. We do not need your approval to perform any of the preceding functions in a discretionary relationship prior to doing so.

If we agree to manage your account on a discretionary basis, we will generally request that we be given discretionary authority from the outset of our advisory relationship so that we may provide discretionary asset management services for your account(s). You may deny such authority. If that authority is denied or revoked in the future we may, at our sole discretion, choose to change the Agreement with you to a non-discretionary Agreement, or we may choose not to enter into, or to terminate, any advisory relationship with you.

Once again, when you agree to give us discretionary authority, we can place trades in your account without obtaining prior permission.

Our discretionary authority includes the ability to do the following without contacting you:

- Determine the security to buy or sell;
- Determine the amount of the security to buy or sell;
- Determine the broker to use; and/or
- Determine the commission to be paid to the broker to execute your trades.

In all cases, this discretion will be used in a manner consistent with the stated investment objectives for your account. When we select securities and determine the amounts of those securities to buy or sell, we will observe the policies, limitations, or restrictions you have given us to follow.

You give us discretionary authority when you sign a discretionary Agreement with our Firm, and you may limit this authority by entering into a limited non-discretionary or fully non-discretionary

Agreement which provides us with specific written instructions in advance of entering into the Agreement. You may also limit this authority at any time after entering an Agreement while that Agreement remains in effect by once again providing us with written instructions. These limitations and other instructions will become a part of your permanent file.

## **ITEM 17 VOTING CLIENT SECURITIES**

- We will not vote proxies for your account. You retain the right and responsibility for voting any proxies or corporate actions.

## **ITEM 18 FINANCIAL INFORMATION**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

If we maintain discretionary authority for your account or are deemed to have actual or constructive custody of your assets or collect fees as described in the preceding paragraph, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations.

Our Firm has no financial circumstances to report. Additionally, our Firm has never been the subject of a bankruptcy proceeding.