

**Item 1. Cover Page**

**Form ADV, Part 2A  
Disclosure Brochure of  
Centric Wealth Management, LLC  
2801 Lakeside Drive, 3rd Floor  
Bannockburn, IL 60015  
(312) 429-6100  
Dated: March 15, 2019**

This brochure provides information about the qualifications and business practices of Centric Wealth Management, LLC (formerly FGМК/Preservation Capital Partners, LLC). If you have any questions about the contents of this brochure, please contact us at (312) 429-6100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC or any state securities authority does not imply a certain level of skill or training. Additional information about Centric Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2. Material Changes Summary**

This brochure provides prospective clients with information about Centric Wealth Management, LLC (formerly FGМК/Preservation Capital Partners, LLC) that should be considered before or at the time of obtaining our advisory services.

There have been no material changes.

This brochure is required to be updated at least annually or sooner when material changes to our business take place. Each year we will deliver to you, by no later than April 30th, a free updated brochure that includes or is accompanied by a summary of material changes; or a summary of material changes and an offer to provide a copy of the updated brochure and how to obtain it.

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## **Item 4. Advisory Business**

### *Firm Description*

Centric Wealth Management, LLC ("Adviser") has been operating as an investment advisory firm since 2005. (Advisor was formerly known as FGМК/ Preservation Capital Partners, LLC.) Its principal place of business is in the State of Illinois.

### *Principal Owners*

The Adviser's principal owner is FGМК Advisory, LLC.

### *Types of Advisory Services*

The Adviser provides professional investment portfolio management services and occasionally furnishes advice to clients on matters not involving securities. Adviser's services also include consulting with clients about their financial situation, investment objectives and restrictions, and tax circumstances; selecting, purchasing and selling securities for clients; monitoring securities and providing appropriate reports as to asset holdings, valuation and performance.

Clients may impose reasonable restrictions and guidelines on investing in certain securities, types of securities or industry sectors. We expect all such restrictions to be timely communicated to us. Client restrictions and guidelines may negatively affect investment performance. We also expect clients to inform us of any changes to their financial circumstances, investment objectives or risk tolerance, or of any modifications or restrictions that should be imposed on the management of the client's account.

For our discretionary asset management services, Advisor will receive a limited power of attorney to effect securities transactions on behalf of a client. The client may limit our discretionary authority by providing us with a written communication that details restrictions and other guidelines.

We explore different types of investment options and strategies. Our investment recommendations are not limited by any specific product or service offered by a broker-dealer or custodian. These recommendations will generally include, but not necessarily be limited to, security types from the following list:

- Money market funds and other cash instruments
- Exchange listed securities, and securities traded over-the-counter
- Mutual fund shares and exchange traded fund shares – passive and actively managed
- Closed end fund shares
- Certificates of deposit

- Corporate debt securities
- Municipal securities
- U.S. governmental securities
- Options

## Financial Planning Services

Centric Wealth Management, LLC also provides financial planning services. Such services include a comprehensive evaluation of a client's financial situation by using currently known facts and variables. We create a financial plan for the client, which is designed to assist the client to achieve financial goals and objectives. We may also prepare reports at the client's request.

A financial plan may address one or more of the following areas:

- **Financial Position:** Understanding of a client's current financial situation. Sources of evaluation include income, expenses, assets, liabilities, etc.
- **Investment Planning:** Determining the most suitable way to structure investments to meet financial goals, and determine the appropriate account type (*e.g.*, joint tenants, IRA, Roth IRA, etc.)
- **Income Tax Planning:** Evaluating the current tax situation to help minimize a client's taxes and find more profitable ways to use the extra income generated.
- **Retirement Planning:** Assessing retirement needs to help a client determine how much to accumulate, as well as distribution strategies designed to create a source of income during retirement years.
- **Credit Planning:** Evaluating a client's credit needs.
- **Insurance Planning and Risk Management:** Evaluating the client's insurance needs and reviewing insurance policies and the like.
- **Estate Planning:** Reviewing the client's cash needs at death, income needs of surviving dependents and estate planning goals.
- **Education Planning:** Reviewing the educational needs for the client and his/her family, along with planning for educational expenses.

We gather information through interviews and review of documents provided by the client, including questionnaires. Information gathered includes the client's current financial status, future goals, investment objectives, risk tolerance and family circumstances.

Typical financial planning services include one or more of each of the aforementioned service components. A financial plan may require the services of a specialist such as a registered representative, insurance specialist, attorney or tax accountant. The client is under no obligation to act on our financial planning recommendations. Furthermore, the client is under no obligation to use any service provider recommended by us. The client is under no obligation to effect any recommend transaction through us.

Financial plans are based on the client's financial situation at the time we present the financial plan to the client, and on the information provided to us. The client must promptly notify us if his/her financial situation, goals, objectives or needs change. Certain assumptions may be made with respect to interest rates, inflation rates, and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that a client's financial goals will be met.

*Assets Under Management*

As of December 31, 2018, the Adviser's total approximate assets under management are as follows:

Discretionary Clients = \$341,778,154

Non-Discretionary Clients = \$316,144,281

#### *Wrap Fee Programs*

Adviser does not participate in wrap fee programs.

### **Information Regarding Potential Conflicts of Interest**

Adviser may have actual or potential conflicts of interest arising from our advisory services. These may include, but are not limited to:

- Conflicts related to allocating time and resources between client accounts, allocation of brokerage commissions and investment opportunities generally. For further information on our brokerage and allocation policies, and related conflicts of interest, please refer to Item 12 below.
- Conflicts related to one or more of our investment advisor representatives also being licensed as an independent insurance agent through licensed insurance brokers. For further information, please refer to Item 10 below.
- Conflicts related to investing in securities recommended to clients and contemporaneous trading of securities (*i.e.*, personal trading) by Adviser or its related persons. Please refer to Item 11 for further information.

Actual or potential conflicts of interest generally can be addressed in a number of ways, including, but not limited to, the following:

- We prohibit the conduct that gives rise to the conflict of interest;
- We comply with an impartial standard conduct, which means we must give advice in the best interests of our clients;
- We give a received benefit to a client;
- We implement procedures to prevent a person from gaining knowledge that may give rise to a conflict;
- We establish benchmarks and parameters for conduct that are designed to protect client interests or limit the benefit that creates the conflict of interest;
- We disclose the conflict of interest to our clients; and/or
- We set a *de minimis* threshold for benefits that are considered too small to influence conduct, and are therefore permitted.

Adviser has adopted a Code of Ethics. (Please refer to Item 11 below for further information on our Code of Ethics). We also have policies and procedures in place to mitigate and address conflicts of interest. We believe that such policies and procedures are reasonably designed to treat clients equitably and to advance the best interests of the clients.

## **Item 5. Fees and Compensation**

### *Description*

Adviser charges fees to its clients based on a percentage of the market value of assets under management. Fees will be based on the following schedule:

All other types of assets under management are charged according to the following fee schedule:

Annual Fee based on Account Assets Under Management:

1.00%	\$0 - 999,999
0.75%	\$1,000,000 - 1,999,999
0.70%	\$2,000,000 - 2,999,999
0.65%	\$3,000,000 - 3,499,999
0.60%	\$3,500,000 - 3,999,999
0.55%	\$4,000,000 - 4,999,999
0.50%	\$5,000,000 - 5,999,999
0.45%	\$6,000,000 - 6,999,999
0.40%	\$7,000,000 - 7,999,999
0.35%	\$8,000,000 - 8,999,999
0.30%	\$9,000,000 - 9,999,999
0.25%	\$10,000,000 +

All fees may be waived or negotiated in Adviser's discretion.

### Fixed and Hourly Fees

Hourly charges are negotiated on a project by project basis in advance. These fees may include financial planning or reporting fees.

### *Fee Billing*

Annual fees are paid quarterly in advance. In any partial calendar quarter, the fee will be prorated based on the number of days the client account was open during the quarter. For the purpose of determining the fee, the market value of assets under management shall be measured on the last trading day of the month immediately preceding the billing quarter. Clients typically grant Adviser authority to receive quarterly payments directly from the client's account held by an independent Custodian (*see additional information under Item 12*). Adviser will notify the



Custodian regarding the amount of advisory fees due in a quarter through the Custodian's electronic disbursement system. The Custodian will send to the client a statement, at least quarterly, indicating all the amounts disbursed from the account, including the amount of advisory fees paid directly to Adviser. It is the Adviser's responsibility, as well as the client's responsibility, to verify the accuracy of the fee calculation, as the Custodian will not.

#### *Other Fees and Expenses*

The Adviser's fees do not include custodial fees or brokerage commissions or other transaction costs, if any, charged by client's Custodian and broker. Mutual funds in which client's assets may be invested charge additional advisory fees and other fees and expenses, as described in the applicable fund's prospectus. (*See additional information under Item 12.*)

#### *Termination of Advisory Agreement*

The Adviser's Investment Management Agreement (*see additional information under Item 16*) provides for termination of the investment management relationship between Adviser and the client upon written notice. In the event a client terminates their account or otherwise withdraws assets prior to the end of the quarter, the client will be reimbursed a pro rata portion of their fee.

### **Item 6. Performance Based Fees and Side by Side Management**

Adviser does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees based on the sharing of capital gain or capital appreciation of a client's account.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged a performance-based fee. Adviser does not charge performance based fees.

### **Item 7. Types of Clients**

The Adviser generally provides investment advice to individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, corporations and other business entities.

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

#### *Methods of Analysis*

The Adviser may use one or more of the following methods of analyses or investment strategies when providing investment advice to clients, subject to the clients' investment objectives, risk tolerance, time horizons and stated guidelines:

- ***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). We look at historical and present financial statements of the company, annual reports, governmental filings and business activities. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Individualized analysis of underlying documentation can vary.
- ***Technical Analysis.*** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not necessarily consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement. Past performance is not a guarantee of future performance.
- ***Quantitative Analysis.*** We use mathematical models and statistical modeling in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect. Quantitative analysis does not necessarily factor in all variables.
- ***Qualitative Analysis.*** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.
- ***Asset Allocation.*** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.
- ***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or exchange traded fund (ETF) in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. A 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 funds held by the client may purchase the same security, increasing the risk to the client if that 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 the client's portfolio.

- ***Sector Rotation Analysis.*** We review and assess the current condition and future prospects of a given sector of the economy. To add incremental value to a core portfolio by making small adjustments to the size of industry sectors in client portfolios. Sector analysis serves to provide us with an idea of how well a given group of companies within a sector are expected to perform as a whole. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector

The Adviser's analysis methods rely on the assumption that the investment vehicles which we recommend for our clients, the companies whose securities we purchase and sell on behalf of our clients, the rating agencies that review these securities, and other publicly or privately available sources of information about these securities, are providing accurate, timely and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate, misleading or untimely information. This is an ongoing risk with regard to all the strategies discussed below.

### **Principal Investment Strategies**

The Adviser uses the following strategies in managing client accounts. Investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon the client's predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. The client's restrictions and guidelines may affect the composition of his/her portfolio.

- ***Long-term Purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. 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 this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.
- ***Short-term Purchases.*** When utilizing this strategy, we purchase securities with the idea of selling them when they reach their price targets or passing its catalyst. We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.
- ***Margin Transactions.*** If granted authority to do so, we may purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings. Margin trading is not a fundamental part of Adviser's overall investment strategy, but we may use this strategy occasionally when given authority and we determine that it is suitable given a client's stated investment objectives and tolerance for risk.

### ***Principal Investment Risks***

***Investing in securities involves risk of loss that clients should be prepared to bear.*** Risk refers to the possibility that you will lose money (both principal and any earnings) or fail to make money on an investment. The Adviser cannot guarantee that it will achieve a client's investment objective.

Further, there may be varying degrees of risk depending on different types of investments. Clients should know that all investments carry a certain degree of risk ranging from the variability of market values to the possibility of permanent loss of capital. Although portfolios seek principal protection, asset allocation and investment decisions may not achieve this goal in all cases. There is no guarantee a portfolio will meet a target return or an investment objective.

Risks to capital include, but may not be limited to, changes in the economy, market volatility, company results, industry sectors, accounting standards and changes in interest rates. Investments are generally subject to risks inherent in governmental actions, exchange rates, inflation, deflation, and fiscal and monetary policies. Market risks include changes in market sentiment in general and styles of investing. Diversification will not protect an investor from these risks and fluctuations.

Additional risks may include:

***Market risk*** Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. Stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. Common stock (or its equivalent) is generally exposed to greater risk than preferred stocks and debt obligations of an issuer.

***Company risk*** There is always a certain level of company or industry specific risk that is inherent in each investment. Although this risk can be reduced through appropriate diversification, it cannot be eliminated. There is the risk that the issuer will perform poorly or have its value reduced based on factors specific to the issuer or its industry. If the issuer experiences credit issues or defaults on debt, the value of the issuer may be reduced.

***Exchange traded fund and mutual fund risk*** The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will incur additional costs associated with ETFs and mutual funds (see Item 5).

***Management risk*** Investments managed by us vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities.

***Foreign investments risks*** Non-U.S. investments, currency and commodity investments may contain additional risks associated with government, economic, political or currency volatility.

***Emerging markets risks*** Emerging markets can experience high volatility and risk in the short term.

**Liquidity risks** Generally, assets are more liquid if many investors are interested in a standardized product, making the product relatively easy to convert into cash. Specialized investments may have reduced liquidity.

**Bond risks** Investments in bonds involve interest rate and credit risks. Bond values change according to changes in interest rates, inflation, credit climate and issue credit quality. Interest rate increases will reduce the value of a bond. Longer term bonds are more susceptible to interest rate variations than shorter term, lower yield bonds.

**Sector risks** Investing in a particular sector is subject to cyclical market conditions and changes.

**Fixed Income Risk.** The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

**Clients should carefully review the offering materials of underlying funds to ensure that they are aware of and understand the risks and costs involved in such investments.**

#### **Item 9. Disciplinary Information**

Neither the Adviser nor any associated persons have any material legal or disciplinary events to report.

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

Adviser is not a registered broker-dealer, commodity firm, commodity trading advisor, or futures commission merchant, and does not have an application to register for any of the same pending.

Adviser does not recommend investment products in which it receives any form of compensation from the separate account manager or investment product sponsor. Adviser does not recommend or select other investment advisors for its clients, and receives no compensation directly or indirectly from any such advisor.

While our associated persons endeavor at all times to put the interest of the clients first as part of our fiduciary duty and as set forth in our Code of Ethics, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Adviser always acts in the best interest of the client, and any person providing investment advice on behalf of Adviser must act in the best interests of the client and put that client's interests ahead of the individual's own interests.

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

### *Code of Ethics*

Adviser strives to maintain a responsible and ethical way of conducting business. All employees are bound to abide by the ethics standards set forth in the Adviser's policy and handbook, adopted pursuant to the Investment Advisers Act of 1940. Employees are responsible for reporting their personal securities transactions regularly and reviewing the Code of Ethics at least annually. A copy of the Code of Ethics is available to all clients upon request.

### *Participation or Interest in Client Transactions*

Adviser may recommend investments to clients in which Adviser or its principals have a financial interest. If any such investment were proposed, the principal would be required to disclose any participation or interest in the transaction to the client.

### *Personal Trading*

Members and employees of Adviser may purchase securities for their personal accounts, which are recommended to clients of Adviser. However, Adviser's members and employees are subject to the firm's Code of Ethics and must report their personal securities transactions to our Chief Compliance Officer for review on a regular basis to the extent required under the Investment Advisers Act of 1940. Strict surveillance will be imposed to ensure that the clients' interests supersede those of any employee. Position limits will be imposed on employees to be certain that securities held by clients are not influenced by any employee holding or trading. Adviser has adopted an Insider Trading Policy that prohibits its investment advisory representatives from trading on material non-public information.

We may also combine orders to purchase securities for Adviser, its associated persons and/or their families with a client's order to purchase securities ("order aggregation"). Please refer to Item 12 for more information on order aggregation. A conflict of interest may exist in these events because we have the ability to trade ahead of clients and may potentially receive more favorable prices (for Adviser, its associated persons and/or their families) than the client will receive. To eliminate this conflict of interest, we will make reasonable attempts to trade securities in client accounts at or prior to trading the securities in Adviser accounts, or accounts of associated persons and/or their families. Trades executed the same day will likely be subject to an average pricing calculation. Moreover, it is our policy that neither Adviser nor its associated persons will have priority over a client's account(s) in the purchase or sale of securities.

## **Item 12. Brokerage Practices**

### *Recommending Custodial Firms*

Adviser typically recommends that clients establish custodial accounts with the Schwab Institutional, a division of Charles Schwab & Company, Inc. (Schwab) or TD Ameritrade, each a registered broker/dealer, member FINRA/SIPC (the “Custodian(s)”), to maintain custody of clients' assets and to effect trades for their accounts. Adviser is independently owned and operated and not affiliated with these custodians. These Custodians provide Adviser with access to its institutional trading and custody services, which are typically not available to their retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the Adviser's clients' assets are maintained in accounts at these custodians, and are not otherwise contingent upon Adviser committing to a custodian any specific amount of business (assets in custody or trading). The custodial services 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. Commission rates and securities transaction fees charged to effect a client's transactions are established by the executing broker-dealer. Adviser has the authority to negotiate commission rates charged by certain custodians, such as Schwab or TD Ameritrade. Although Adviser believes that the commission rates negotiated by the Adviser are competitive, they may not be the lowest commission rates charged by another broker/dealer.

For Adviser's client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts. TD Ameritrade charges separately for custody.

#### *Best Execution*

Adviser will arrange for the execution of securities transactions for the client through brokers or dealers that Adviser reasonably believes will provide best execution. Adviser seeks to execute client transactions in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances. Adviser has evaluated the full range of brokerage services offered by the Custodians and considers these brokers to have reliable execution capabilities, compared to other comparable brokers. Based on these factors, Adviser believes that the Custodians provide the best price and execution to its clients compared to other broker-dealers that offer institutional advisory platforms. If a client establishes a brokerage/custodial account with one of these brokers, then Adviser will place all orders pursuant to its investment determinations on behalf of client's portfolio through the custodial broker, even though the client potentially could obtain a more favorable net price and execution from another broker-dealer in particular transactions or from a discount broker in general.

While we believe the Custodian's transaction rates to be competitive, transactions may not always be executed at the lowest available commission rate.

In selecting a custodian, Adviser may consider, among other things, the custodian's execution capabilities, reputation and access to the markets for the securities being traded. Adviser generally will seek competitive commission rates but will not necessarily attempt to obtain the lowest possible commission for transactions for the client's account.

### *Soft Dollars*

The Custodians offer an institutional trading platform to advisers. Through participation in this program, these custodians make available to Adviser other products and services that benefit Adviser but may not benefit its clients' accounts. Some of these other products and services assist Adviser in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations 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 Adviser's fees from its clients' accounts; and 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 Adviser's accounts. These Custodians also make available to Adviser other services intended to help Adviser manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, they may make available, arrange and/or pay for these types of services rendered to Adviser by independent third parties. The Custodians may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Adviser. While as a fiduciary, Adviser endeavors to act in its clients' best interests, and Adviser's recommendation that clients maintain their assets in accounts at these custodians may be based in part on the benefit of Adviser of 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 the custodians, which may create a potential conflict of interest. Consistent with obtaining best execution, transactions for a client's account may be directed to the custodian in return for research services furnished by them to Adviser. Such research generally will be used to service all of Adviser's clients, but custodial commissions paid by the client may be used to pay for research that is not used in managing client's account. Adviser may, in its discretion, cause the client to pay the custodian a commission greater than another qualified custodian might charge to effect the same transaction where Adviser determines in good faith that the commission is reasonable in relation to the value of the custodial and research services received.



### *Order Aggregation*

As a matter of general policy and practice, Adviser will aggregate transactions for advisory clients where practicable. Aggregating transactions allows the trading of aggregate blocks of securities of assets from multiple client accounts. Generally, aggregating client transactions allows Adviser to execute transactions in a more timely, efficient and equitable manner and to seek best execution and/or to reduce commission charges for clients. Adviser may not apportion shares to participating clients in equal percentage amounts. Adviser may aggregate trades of its advisory personnel with those of clients so that personnel of Adviser participate alongside clients in such trades. All participants in an aggregated trade will be allocated securities on a pro rata, average price per share basis.

When and where possible, Adviser will aggregate transactions for all clients including directed and non-directed brokerage transactions for individual client portfolios. Where a client has directed Adviser to use a particular custodian for its portfolio transactions, their transactions cannot necessarily be aggregated with other non-directed client transactions. However, Adviser will generally aggregate client transactions in directed custodial arrangements when clients have directed Adviser to use the same firm.

### *Trade Errors*

Where a trade error occurs in a client account due to Adviser's error, Adviser will correct the error and ensure the client account does not suffer a loss or incur a transaction cost related to that error. Depending on the nature of the error, we will pay the cost of the error or will cause the custodian or broker-dealer to pay the cost of the error. However, the client will not profit from the error, even if the subsequent correction results in a profit due to market movement. Profits will go to Adviser.

### *Directed Brokerage*

Clients who designate the use of a particular broker-dealer other than the one recommended by Adviser should be aware that they will lose any possible advantage Adviser derives from aggregating transactions. Such client trades are typically affected after the trades of clients who have not directed the use of a particular broker-dealer. Adviser loses the ability to aggregate trades with other advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions. This may cost the client more money.

### **Item 13. Review of Accounts**

Adviser will review each account periodically, or more often if investment conditions require. Accounts will be reviewed by the Investment Advisor Representative, who will also monitor economic, investment and market conditions that might dictate changes in strategy or portfolio holdings.

Adviser will attempt to contact each client at least annually, and will meet with each client as needed to review investment needs and to provide economic analysis, performance review, and other pertinent information. Clients can receive copies of confirmations from the custodian for all transactions. Clients also receive monthly custodial statements providing a summary of transactions, with the exception of qualified accounts, such as IRAs with no activity, which will receive quarterly statements from the custodian.

### **Item 14. Client Referrals and Other Compensation**

#### *Incoming Referrals*

In appropriate circumstances, Adviser pays to third parties a portion of the fee received from clients. Such payments may be made in connection with the third party's referral of new clients to Adviser, and in all events, such payments are fully disclosed and approved by the client in compliance with Rule 206(4)-3 of the Investment Adviser's Act of 1940. The cost of this referral fee is borne entirely by the Adviser.

#### *Referrals of Other Professionals / Other Compensation*

Adviser receives referral fees from outside insurance professionals if and when Adviser engages those insurance professionals to provide insurance and/or insurance advice and services to clients. Such payments are fully disclosed to and approved by the client. The cost of this referral fee is borne entirely by the insurance professional.

### **Item 15. Custody**

Adviser maintains custody of the assets of several accounts. An annual surprise exam is conducted by an independent public accountant. All checks deposited into client's custodial accounts must be made payable either to the custodian or for the benefit of the account name. Adviser is deemed to have custody of private investment funds for which it serves as general partner or manager. In compliance with the applicable regulations, each of these funds is audited by an independent public accountant and financial statements are distributed to fund investors annually.

We have previously disclosed that Adviser may directly debit advisory and other fees from client accounts. As part of this billing process, the independent, qualified custodian of the client's account(s) is advised of the amount of the advisory or other fee to be deducted from the client's

account(s). The client will receive account statements from the custodian holding the account(s) at least quarterly. These statements will show all transactions within the account during that reporting period, including the amount of advisory or other fees debited from the client's account(s). Because the custodian does not calculate the amount of the fees to be deducted, it is important for clients to carefully review their account statements to verify the accuracy of the fee calculation, among other things. The client may also receive an account statement from Adviser. The client should always compare the account statement received from the custodian with any statement received from us for the same reporting period. The custodian's account statement is the official record of the client's account(s). A client should contact us directly if he/she believes there is an error or has a question regarding an account statement.

Adviser will send the client an invoice or statement itemizing our advisory fee if so required. The invoice or statement would include the formula used to calculate the advisory fee, the value of the client's assets under management with us on which the advisory fee is based, and the time period covered by the advisory fee.

This ability to deduct our fees from a client's account(s) causes us to exercise limited custody over these accounts under applicable law. Except as set forth above, we do not have, and will not take, physical custody of any clients' funds, securities or assets.

## **Item 16. Investment Discretion**

### *Discretionary Trading Authority*

Adviser will be retained on a fully discretionary basis and will be authorized to determine and direct execution of portfolio transactions, pursuant to the terms of the Investment Management Agreement. The Investment Management Agreement is an internal document agreement between the Adviser and the client. The Investment Management Agreement outlines the management services and fees that it will provide to the client.

### *Limited Power of Attorney*

Clients who have granted discretionary trading authority to the Adviser are required to grant a "limited power of attorney" to Adviser over client's custodial account for purposes of trading and fee deduction. The client grants this authority in the brokerage account application.

Clients may limit our authority by giving us written instructions, restrictions and guidelines via email communication or other written instructions. For example, a client may specify that the client's account not contain investments in a specific industry. Clients can change such instructions, restrictions and guidelines by providing us with written instructions. The most current written instructions will control. We will not accept instructions via text message or similar instant messaging methods.

If the client enters into a non-discretionary arrangement with Adviser, Adviser will obtain the client's approval prior to the execution of any transactions in the account(s). With such an arrangement, the client has the unrestricted right to decline to implement advice provided by us on a non-discretionary basis.

#### **Item 17. Voting Client Securities**

It is currently the Adviser's policy to exercise proxy voting authority over client securities. The Adviser will have authority to vote proxies for its discretionary clients. Each client retains sole and absolute authority and responsibility to vote proxies at client's own expense with respect to investments owned by the client. Clients will receive their proxies or other solicitations directly from their custodian.

#### **Item 18. Financial Information**

Under no circumstances does Adviser require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

Adviser does not have any financial issues that would impair its ability to provide services to clients, and Adviser has not been the subject of a bankruptcy petition at any time during the past ten years. We have no additional financial circumstances to report.

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

Because Adviser is a federally registered investment adviser, this Item is not applicable.

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