



## Trilogy Capital, Inc.

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Part 2A Brochure

March 15, 2019

This brochure provides information about the qualifications and business practices of Trilogy Capital, Inc. If you have any questions about the contents of this brochure, please contact us at (714) 843-9977. 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. Trilogy Capital is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Trilogy Capital, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Trilogy Capital, Inc. is 281597.

## ITEM 2 – MATERIAL CHANGES

### Summary of Material Changes

This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The following is a list of changes since our last ADV Annual Amendment filing dated January 15, 2018:

- Item 4 - Advisory Business:
  - Our firm offers its services under the business name of Trilogy Financial. Our IARs will use this name and logo for marketing purposes and Trilogy Financial may appear on marketing materials or client statements. The Client should understand that Trilogy Financial is an affiliated entity of Trilogy Capital. The Investment Advisor Representatives (“IARs”) are under the supervision of Trilogy Capital and the advisory services of the IARs are provided through Trilogy Capital.
- Item 5 – Fees and Compensation:
  - Our firm does accept credit cards for payment of DecisionCoach.
  - DecisionCenter Fees range from \$2,000.00 to \$30,000.00.
- Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss:
  - Trilogy Capital offers strategic portfolios designed to be risk based. The portfolios all have different levels of risk/return trade-off (potential return that can be gained with the amount of risk taken). The risk/return trade-off is based upon the client’s risk tolerance, financial planning needs and/or financial goals. Each of these investment strategies are globally diversified to help reduce specific company, sector or asset class risk. These core strategies are evaluated on long term performance. This means our Firm is evaluating how portfolios do over three, five and ten year periods as opposed to shorter timeframes.
- Item 7 – Types of Clients:

Our minimum initial account value is \$5,500; however, we may accept accounts for less than the minimum.
- Item 10- Other Financial Industry Activities and Affiliations:
  - Benefits to Investment Adviser Representatives

Trilogy Capital and its related person Trilogy Financial provide various benefits to Registered Persons (IARs) that are new to the Trilogy Capital to assist the Adviser with the costs associated with transitioning his or her business to the Trilogy Capital. The amount of the benefits are often significant in relation to the overall revenue earned or compensation received by the IAR at his/her prior firm. Such payments are generally based on the size of the IAR's business established at his/her prior firm and/or assets under management with Trilogy Capital. Please refer to the relevant Part 2B brochure supplement for more information about the specific benefits your IAR receives.

- Tax Preparation Services

Some of our IARs also provide tax preparation services to individuals and corporations through separate and unaffiliated entities. The IARs will receive additional compensation for the tax services performed. Any compensation received from the tax preparation services do not offset advisory fees the client may pay for investment advisory services under Trilogy Capital. Clients should note that they have the right to decide whether or not to engage in tax preparation services offered by our IARs and their unaffiliated entity.

- Item 14 – Client Referrals and Other Compensation:

- Trilogy's IARs are incented to join and remain affiliated with Trilogy and to recommend that clients establish accounts with Trilogy through the provision of benefits discussed in Item 10. Trilogy Capital provides these additional benefits to its IARs including but not limited to repayable and forgivable loans.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer June Adams at (714) 843-9977 x1243 or [june.adams@trilogyfs.com](mailto:june.adams@trilogyfs.com). We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

This disclosure document is being offered to you by Trilogy Capital, Inc. (“Trilogy”) in connection with the investment advisory services we provide. It discloses information about the services that we provide and the manner in which those services are made available to you, the client.

We are an investment management firm with locations in Arizona, California, Colorado, and Massachusetts. Our main headquarters is in Huntington Beach, CA. We specialize in investment advisory services for high-net-worth individuals, families, trusts, estates and profit sharing plans. The firm was established by Jeff Motske, the firm’s principal owner, in 2015.

Our firm offers its services under the business name of Trilogy Financial. Our IARs will use this name and logo for marketing purposes and Trilogy Financial may appear on marketing materials or client statements. The Client should understand that Trilogy Financial is an affiliated entity of Trilogy Capital. The Investment Advisor Representatives (“IARs”) are under the supervision of Trilogy Capital and the advisory services of the IARs are provided through Trilogy Capital.

We are committed to helping clients build, manage, and preserve their wealth, and to providing assistance that helps clients to achieve their stated financial goals. We may offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and Trilogy execute an engagement letter or client agreement.

### **Investment Management and Supervision Services**

We offer discretionary and non-discretionary investment management and investment supervisory services for a fee based on a percentage of your assets under management. The discretionary investment management services include investment analysis, allocation of investments, quarterly portfolio statements, financial commentaries, and ongoing monitoring of client portfolios.

We determine your portfolio composition based on your needs, your portfolio restrictions, if any, your financial goals and your risk tolerances. We will work with you to obtain necessary information regarding your financial condition, investment objectives, liquidity requirements, risk tolerance, time horizons, and any restrictions on investing. This information enables us to determine the portfolio best suited for your investment objective and needs.

In performing our services, we shall not be required to verify any information received from you or from other professionals. We may recommend and/or engage the services of other professionals for implementation purposes. You are under no obligation to engage the services of any such recommended professional.

We will rebalance the portfolio, as we deem appropriate, to meet your financial objectives. For discretionary accounts, we will trade these portfolios and rebalance them on a discretionary basis based on our market views and on your investment objectives, using our investment philosophy and process as outlined in Item 8 in this Brochure. We tailor our advisory services to meet the needs of our clients and seek to ensure that client portfolios are managed in a manner consistent with those financial needs and investment objectives.

We do have limited authority to direct the Custodian to deduct our investment advisory fees from your accounts, but only with the appropriate authorization by you on our Discretionary Investment Management Agreement and the Custodian paperwork.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that may adversely affect an account's performance. This could result in capital losses in your account.

There may be times a non-discretionary account relationship exists with our firm. In these circumstances, the client may call in to facilitate a trade on their account. Our Advisors will assist in facilitating the transaction on behalf of the client but we do not have continuous or supervisory oversight on such accounts and do not bill advisory fees for such relationships. The custodian charges additional fees such as transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions.

#### **DecisionCoach**

As an additional service to our investment management services described above, Trilogy provides financial consulting services based on the information provided by you regarding your individual financial objectives, needs and circumstances. The specific services to be provided are disclosed in the DecisionCoach Agreement but includes financial guidance for you with a focus on budgeting, tax strategies, education and retirement planning but not limited to. Our recommendations are based on the information you provide us; therefore, the completeness and accuracy of the information provided to us is essential. You agree to discuss with us your current financial resources and projected needs, and to provide copies of any financial documents that we may reasonably request as necessary to evaluate your financial circumstances and provide consulting services. You may choose to have us review and update the consulting recommendations annually or more frequently to adjust for changes in your financial situation or investment objectives. The recommendations should be reviewed and updated as necessary.

#### **DecisionCenter Plan**

The DecisionCenter Plan includes the analysis of your current financial situation and identifies appropriate financial planning and investment management techniques to help meet your specific financial objectives. Such services may include preparation of a comprehensive financial plan document and analysis with specific investment and/or

planning recommendations, and an annual financial plan update, if services are renewed and a new Agreement is executed. Agreed upon services will be outlined in the DecisionCenter Plan Agreement.

In preparing your comprehensive financial plan, we may address any or all of the six areas of financial planning established by the National Endowment for Financial Education and endorsed by the Certified Financial Planner Board of Standards, depending on your specific needs. These may include: financial position, protection planning, investment planning, income tax planning, retirement planning, and estate planning.

Our specific services in preparing your DecisionCenter Plan may include:

- Review and clarification of your financial goals.
- Assessment of your overall financial position including cash flow, balance sheet, investment strategy, risk management and estate planning.
- Creation of a unique plan for each goal you have including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession and other personal goals.
- Development of a goal-oriented investment plan around tax suggestions, asset allocation, expenses, risk and liquidity factors for each goal. This includes IRA and qualified plans, taxable and trust accounts that require special attention.
- Design of a risk management plan including risk tolerance, risk avoidance, mitigation and transfer, including liquidity as well as various insurance and possible company benefits.
- Crafting and implementation of, in conjunction with your estate and/or corporate attorneys as tax advisor, an estate plan to provide for you and/or your heirs in the event of an incapacity or death.
- Generation of a benefits plan, risk management plan and succession plan for your business, if applicable.

The fees and services for investment management and DecisionCenter are separate and distinct of each other. When engaging in Investment Management and DecisionCenter services, clients enter into separate Agreements outlining each of the services and advisory/consulting fees.

When both investment management or plan implementation and DecisionCenter Consulting services are offered, there is a conflict of interest since there is an incentive for us to recommend products or services for which Trilogy Capital receives compensation. However, Trilogy Capital will make all recommendations independent of such considerations and based solely on our obligations to consider your investment objectives and financial needs. As a DecisionCenter client, you have the right not to act upon any of our recommendations and not affect the transaction(s) through us if you decide to follow the investment recommendations.

### **Consulting Services**

We also provide clients investment advice on a more-limited basis on one-or-more isolated areas of concern such as estate planning, retirement planning, or any other specific topic. Additionally, we may provide advice on non-securities matters in connection with the rendering of estate planning, insurance, and/or annuity advice. In these cases, you may be required to select your own investment managers, broker-dealer and/or insurance companies for the implementation of consulting recommendations. If your needs include brokerage and/or other financial services, we may recommend the use of one of several investment managers, brokers, banks, custodians, insurance companies or other financial professionals ("Firms"). You must independently evaluate these Firms before opening an account or transacting business, and have the right to effect business through any firm you choose. You are under no obligation to follow the consulting advice that we provide.

### **Employee Retirement Income Security Act Retirement Plan Advisory Services**

For employer-sponsored retirement plans with participant-directed investments, our firm provides its advisory services as an investment advisor as defined under Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

When serving as an ERISA 3(21) investment advisor, the Plan Sponsor and Trilogy Capital share fiduciary responsibility. The plan sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Investment Advisor Agreement between Trilogy Capital and the plan sponsor. Trilogy Capital may provide the following services to the Plan Sponsor:

- Screen investments and make recommendations.
- Monitor the investments and suggests replacement investments when appropriate.
- Provide a quarterly monitoring report.
- May assist the plan sponsor in developing an Investment Policy Statement ("IPS").
- Recommend QDIA alternatives.
- Recommend non-discretionary model portfolios.

We can also be engaged to provide financial education to Plan participants. The scope of education provided to participants will not constitute "investment advice" within the meaning of ERISA and participant education will relate to general principles for investing and information about the investment options currently in the Plan. We may also participate in initial enrollment meetings and periodic workshops and enrollment meetings for new participants.

### **Wrap Fee Programs**

We do not place any client assets into a wrap fee program.



## Assets

As of December 31, 2018, we had a total of \$877,118,319 in assets under management. There were \$877,118,319 in discretionary assets under management and \$0 in non-discretionary assets under management.

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## ITEM 5 - FEES AND COMPENSATION

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### Investment Management Fees and Compensation

Trilogy charges a fee as compensation for providing Investment Management services on your account. These services include advisory and consulting services, trade entry, investment supervision, and other account-maintenance activities. Our custodian may charge transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for additional details.

In addition, some mutual fund assets deposited in your accounts may have been subject to other mutual fund annual management and administrative fees as described in the funds' prospectuses. These fees are independent of our fees and should be disclosed by the custodian or contained in each fund's prospectus. You should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

The fees for portfolio management are based on an annual percentage of assets under management and are applied to the account asset value on a pro-rata basis and billed quarterly in advance. The initial fee will be based upon the date the account is accepted for management by execution of the advisory agreement by Trilogy or when the assets are transferred through the last day of the current calendar quarter. Thereafter, the fee will be based at each previous quarter's last business day. Fees are assessed on all assets under management, including securities, cash and money market balances.

Our maximum investment advisory fee is 2.25%. The specific advisory fees are set forth in your Investment Advisory Agreement. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated.

At our discretion, we will aggregate asset amounts in accounts from your same household together to determine the advisory fee for all your accounts. We may do this, for example, where we also service accounts on behalf of your minor children, individual and joint accounts for a spouse, and/or other types of related accounts. This consolidation practice is designed to allow you the benefit of an increased asset total, which could potentially cause your account(s) to be assessed a lower advisory fee based on the asset levels available in our fee schedule.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement at least quarterly directly to you indicating all the amounts deducted from the account including our advisory fees. See Item 15 for details. At our discretion, you may pay the advisory fees by check. You are encouraged to review your account statements for accuracy.

There may be a possibility for price or account value discrepancies due to quarter-end transactions in an account. Dividends or trade date settlements may occur and our third party billing software may report a slight difference in account valuation at quarter end compared to what is reported on your Statement from the Custodian.

Either Trilogy or you may terminate the management agreement immediately upon written notice to the other party. The management fee will be pro-rated to the date of termination, for the quarter in which the cancellation notice was given and refunded to you. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets.

#### **DecisionCoach**

Fees may vary based on the extent and complexity of your individual personal circumstances. Any fee will be agreed in advance of services being performed. The fee will be determined based on factors including the complexity of your financial situation, agreed upon deliverables, and whether or not you intend to implement any recommendations through your financial advisor. Fixed fees for consulting range from \$800.00 to \$10,000.00.

Three fee payment options are available for DecisionCoach services:

**Option 1 (only for fees under \$1200):** One hundred percent (100%) paid annually with the first payment receivable upon execution of this Agreement.

**Option 2: (only for fees under \$2400):** One half (50%) of the annual fee will be due and payable at the time you enter into the consulting agreement, with the balance due and payable after 6 Months, the 50% amount will be payable every six months throughout the existence of the Agreement.

**Option 3:** One quarter (25%) of the annual fee will be due and payable at the time you enter into the Agreement, with the another 25% of the balance due and payable after 3 months, 25% due after 6 months from the agreement date, and 25% due after 9 months from the agreement date.

Fees can be paid via check to Trilogy Capital or may be paid from a Trilogy Capital non-qualified investment account as agreed upon and outlined in the Agreement. Credit Cards are accepted for all payment options.

The DecisionCoach Agreement is terminated after 1 (one) year unless a Renewal Addendum is executed by the client.

We will not require prepayment of more than \$1200 in fees per client, six (6) or more months in advance of providing any services. Lower fees for comparable services may be available from other sources.

### **DecisionCenter Plan**

Trilogy will negotiate a fee with you. The fee may vary based on the extent and complexity of your individual or family circumstances and the amount of your assets under our management. We will determine your fee for the designated financial advisory services. Under a fixed fee arrangement, any fee will be agreed in advance of services being performed. DecisionCenter Fees range from \$2,000.00 to \$30,000.00.

Typically, we complete a plan within a week or two and will present it to you within 90 days of the Agreement date, provided that you have provided us all information needed to prepare the financial plan. If the work is not completed in such a time, we may refund your fee on a pro-rated basis. As indicated in your Agreement, one hundred percent (100%) or one half (50%) of the estimated fee will be due and payable at the time you enter into the DecisionCenter Plan Agreement, with the any remaining balance due and payable at the time the financial plan is delivered to you.

In no case are our fees based on, or related to, the performance of your funds or investments. We will not require prepayment of more than \$1200 in fees per client, six (6) or more months in advance of providing any services.

Prior to the plan delivery, the DecisionCenter services may be terminated upon receipt of written or verbal notice by either party. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you based on an hourly rate agreed to in the Agreement but not to exceed \$500.00/hourly. Services provided up to date of termination but not yet paid to Trilogy Capital will be billed to you based on the agreed upon hourly rate. DecisionCenter Services are termed upon delivery of the Financial Plan and discussion of the Plan.

### **Consulting Services**

Trilogy provides planning services for clients who need advice on a limited scope of work. Trilogy will negotiate consulting fees with you. Fees may vary based on the extent and complexity of the consulting project. Fees are negotiated and you will be billed as services are rendered.

Either party may terminate the agreement. Upon termination, services provided up to date of termination but not yet paid to Trilogy Capital will be billed to you based on the agreed upon hourly rate outlined in the Consulting Agreement.

#### **Employee Retirement Income Security Act Retirement Plan Advisory Services**

For Retirement Plan Advisory Services compensation, we charge an annual fee as negotiated with the client and disclosed in the Investment Advisory Agreement. The compensation method is explained and agreed upon in advance before any services are rendered. Fees range from 0.25% to 1.00% annually. Fixed fees range from \$5,000 to \$50,000.

Plan advisory services begin with the effective date of the Agreement, which is the date you sign the Investment Advisory Agreement. For that calendar quarter or month, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the Agreement was effective. Our fee is billed in advance on the last business day of the calendar quarter or month. Invoices are sent out each quarter to either the client or the custodian of the Plan. For Plans where our fee is billed to the custodian, the fee is deducted directly from the participant accounts. Written authorization permitting us to be paid directly from the custodial account is outlined in the Investment Advisory Agreement.

Either party may terminate the Agreement at any time upon 30 days written notice. You are responsible to pay for services rendered until the termination of the agreement.

#### **Additional Fees and Expenses:**

Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your Account(s). The following list of fees or expenses are what you may pay directly to third parties only, whether a security is being purchased, sold or held in your Account(s) under our management.

- Transaction fees;
- SEC fees;
- Custodial Fees;
- Transfer taxes;
- Wire transfer and electronic fund processing fees;

Please refer to the “Brokerage Practices” below for discussion of Trilogy’ brokerage practices.

#### **Administrative Services Provided by Orion**

Trilogy has contracted with Orion to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, client database maintenance, quarterly performance evaluations, payable reports, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Orion will have access to client information, but Orion will not serve as an investment adviser to our clients. Trilogy and Orion are non-affiliated companies. Orion charges our

Firm an annual fee for each account administered by Orion. Please note that the fee charged to the client will not increase due to the annual fee Trilogy pays to Orion. The annual fee is paid from the portion of the management fee retained by our Firm.

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees). Our advisory-fee compensation is charged only as disclosed above in Fees and Compensation.

#### **ITEM 7 - TYPES OF CLIENTS**

We provide investment advice to individuals, high-net-worth individuals, families, small businesses, pensions, foundations, trusts and estates. Our minimum initial account value is \$5,500; however, we may accept accounts for less than the minimum.

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

##### **Overview**

We seek to recommend investment strategies that will give a client a diversified portfolio consistent with the client's investment objective. We do this by analyzing the various securities, investment strategies, and third party management firms. The goal is to identify a client's risk tolerance, and then find a manager with the maximum expected return for that level of risk.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We utilize both fundamental and technical analysis. We gather our information from a broad array of financial resources including financial newspapers, magazines, research prepared by others, corporate rating services, company press releases, annual reports, prospectuses and filings with the Securities and Exchange Commission.

We determine how to allocate assets among the various asset classes based on the investment strategy chosen, prevailing economic conditions and our determination of where we are in the economic cycle. Potential risks and opportunities are weighed to determine to what degree the portfolio should be invested.

From time-to-time, market conditions may cause your account to vary from the established allocation. To remain consistent with the asset allocation guidelines established, your account is monitored on an ongoing basis and rebalanced to the original allocation, or if deemed beneficial, to a new allocation based on the then prevailing economic conditions and within the guidelines of the chosen investment strategy.

In addition to the rebalancing, overall market conditions and microeconomic factors that affect specific holdings in your account may trigger changes in allocation. Your account may also receive informal reviews more frequently.

### **Investment Philosophy**

Prior to making recommendations, we determine your financial status, needs, time horizon, investment objectives, risk tolerance, and tax status. From this, we create an investor profile and general asset allocation target. While we believe asset allocation is a key factor affecting long-term rate of return, we also believe fundamental research and securities selection are vital. To that end, we select from a narrow, refined list of institutional fund managers known for excellence in their respective disciplines. We focus primarily on the people, processes, research, consistency, and culture rather than simply recent “high performance” or “track record”.

As much as reasonably possible, we strive to:

- Diversify strategically with non-correlating assets.
- Balance between growth and value styles.
- Diversify globally.
- Rebalance as markets change.
- Manage for tax efficient returns wherever possible.

### **Portfolios**

Trilogy Capital offers strategic portfolios designed to be risk based. The portfolios all have different levels of risk/return trade-off (potential return that can be gained with the amount of risk taken). The risk/return trade-off is based upon the client’s risk tolerance, financial planning needs and/or financial goals. Each of these investment strategies are globally diversified to help reduce specific company, sector or asset class risk. These core strategies are evaluated on long term performance. This means our Firm is evaluating how portfolios do over three, five and ten year periods as opposed to shorter timeframes. Below are the Portfolio series offered:

- ✓ **Core Portfolio Series:** A family of investment strategies focused on globally – balanced portfolios which are intended to give broad market exposure not focused on any one sector or geographic region, providing index-like returns with lower risk over full market cycles.
- ✓ **Select Portfolio Series:** A family of investment strategies focused on actively-managed portfolios of sector or strategy focused securities. These strategies seek to provide investors with non-correlated returns to the Core series as well as potential alpha as compared to standard benchmark.
- ✓ **Sleeve Portfolio Series:** A family of investment strategies focused on portfolios for smaller accounts. These strategies are designed for investors who cannot meet the minimums for the Core series and would still like access to globally-invested, actively – rebalanced strategy.

- ✓ **Continuity Portfolio Series:** An asset management arrangement by which we oversee long-term held assets such as individual bonds and other income-producing strategies. These portfolios will often require less active management due to the buy-and-hold strategy.

### **Third Party Manager Analysis**

We seek to recommend investment strategies that will give a client a diversified portfolio consistent with the client's investment objective. We do this by analyzing the various securities, investment strategies, and third party management firms. The goal is to identify a client's risk tolerance, and then find a manager with the maximum expected return for that level of risk.

We examine the experience, expertise, investment philosophies and past performance of independent, third party managers 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 monitor the managers' underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the managers' compliance and business enterprise risks.

A risk of investing with a third party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a managers' portfolio, there is also a risk that the manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the managers' daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

Investors should be aware that accounts are subject to the following risks:

**Market Risk** — Even a long-term investment approach cannot guarantee a profit. Economic, political and issuer-specific events will cause the value of securities to

rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

**Foreign Securities and Currency Risk** — Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

**Capitalization Risk** — Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.

**Interest Rate Risk** — In a rising rate environment, the value of fixed-income securities generally declines and the value of equity securities may be adversely affected.

**Credit Risk** — Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the fund's performance.

**Securities Lending Risk** — Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

**Exchange-Traded Funds** — ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

**Performance of Underlying Managers** — We select the mutual funds and ETFs in the asset allocation portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

**Liquidity Risk** - Liquidity risk exists when particular investments would be difficult to purchase or sell, possibly preventing clients from selling such securities at an advantageous time or price.



**Derivative Risk** — Derivatives are securities, such as futures contracts, whose value is derived from that of other securities or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will achieve the desired results.

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#### ITEM 9 - DISCIPLINARY INFORMATION

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Trilogy does not have any legal, financial or other “disciplinary” item to report.

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

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##### Insurance

An affiliated entity, Trilogy Financial, doing business as Trilogy Protect, is a licensed insurance agency with various States. Investment Adviser Representatives (“IAR”) of Trilogy may act as agents appointed with various life, disability or other insurance companies, receive commissions, trails, or other compensation from the respective product sponsors and/or as a result of effecting insurance transactions for clients. However, clients should note that they are under no obligation to purchase any insurance products through Trilogy or its IAR. Please note that IARs spend less than 10% of their time on business relating to Insurance.

##### Broker Dealer

Trilogy is not a broker/dealer, but some of our Investment Adviser Representatives (“IAR”) are registered representatives of LPL Financial LLC (“LPL”), a full service broker-dealer, member FINRA/SIPC, which compensates them for effecting securities transactions. When placing securities transactions through LPL in their capacity as registered representatives, they may earn sales commissions. Because the IARs are dually registered agents of LPL and Trilogy, LPL has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3280. LPL and Trilogy are not affiliated companies. IARs of Trilogy spend a portion their time in connection with broker/dealer activities.

As a broker-dealer, LPL engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by Trilogy or its IARs, investments in securities may be recommended for clients. If LPL is selected as the broker-dealer, LPL and its registered representatives, including IARs of Trilogy, may receive commissions for executing securities transactions.

You are advised that if LPL is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you are under no obligation to purchase securities through IARs of Trilogy or LPL.

Moreover, you should note that under the rules and regulations of FINRA, LPL has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require LPL to coordinate with, and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than LPL. Accordingly, LPL may limit the use of certain custodial and brokerage arrangements available to clients of Trilogy and LPL may collect, as paying agent of Trilogy, the investment advisory fee remitted to Trilogy by the account custodian. LPL may retain a portion of the investment advisory fee you pay, as a charge for the functions it performs, and such portion may be further re-allowed to other registered representatives of LPL. The charge will not increase the advisory fee you have agreed to pay Trilogy.

IARs of Trilogy, in their capacity as registered representatives of LPL, or as agents appointed with various life, disability or other insurance companies, receive commissions, fee trails, or other compensation from the respective product sponsors and/or as a result of effecting securities transactions for clients. However, clients should note that they are under no obligation to purchase any investment products through Trilogy's representatives.

As a result of the relationship with LPL, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about Trilogy Capital's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact our firm's CCO. The contact information for the CCO can be found on the Cover Page of this Brochure.

#### **Tax Preparation Services**

Some of our IARs also provide tax preparation services to individuals and corporations through separate and unaffiliated entities. The IARs will receive additional compensation for the tax services performed. Any compensation received from the tax preparation services do not offset advisory fees the client may pay for investment advisory services under Trilogy Capital. Clients should note that they have the right to decide whether or not to engage in tax preparation services offered by our IARs and their unaffiliated entity.

#### **TD Ameritrade Advisor Panel**

Trilogy serves on the TD Ameritrade Institutional Advisor Panel ("Panel"). The Panel consists of approximately thirty (30) independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent advisor community. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for three-year terms by TDA Institutional senior management. An investment advisor may serve longer than three years by TDA Institutional senior management. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate

Panel members. However, TD Ameritrade pays or reimburses our Firm for the travel, lodging, and meal expenses the Firm incurs in attending Panel meetings. The benefits received by the Firm or its personnel by serving on the Panel do not depend on the amount of the brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by our Firm or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our Firm's recommendations of TD Ameritrade for custody and brokerage services.

#### **Benefits to Investment Adviser Representatives**

Trilogy Capital and its related person Trilogy Financial provide various benefits to Registered Persons (IARs) that are new to the Trilogy Capital to assist the Adviser with the costs associated with transitioning his or her business to the Trilogy Capital. The amount of the benefits are often significant in relation to the overall revenue earned or compensation received by the IAR at his/her prior firm. Such payments are generally based on the size of the IAR's business established at his/her prior firm and/or assets under management with Trilogy Capital. Please refer to the relevant Part 2B brochure supplement for more information about the specific benefits your IAR receives.

These benefits are provided to persons of Trilogy in their capacity as IARs of Trilogy. However, the receipt of benefits by such IARs creates conflicts of interest relating to Trilogy's advisory business because it creates a financial incentive for Trilogy's IARs to recommend that its clients maintain their accounts with Trilogy. In certain instances, the receipt of such benefits is dependent on an IAR maintaining its clients' assets with Trilogy therefore Trilogy has an incentive to recommend that clients maintain their account with Trilogy in order to generate such benefits.

Trilogy attempts to mitigate these conflicts of interest by evaluating and recommending that clients use Trilogy's services based on the benefits that such services provide to our clients, rather than the benefits earned by any Trilogy Capital IAR. Trilogy and its IARs will always act in the best interest of their clients when recommending advisory services.

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

Trilogy and persons associated with us are allowed to invest for their own accounts or to have a financial interest in the same securities or other investments that we recommend or acquire for your account, and may engage in transactions that are the same as or different than transactions recommended to or made for your account. This creates the potential for a conflict of interest. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any potential conflicts of interest.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics

addresses, among other things, personal trading, gifts, the prohibition against the use of inside information and other situations where there is a possibility for conflicts of interest.

The Code of Ethics is designed to protect our clients by deterring misconduct, educate personnel regarding the firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of Trilogy, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the firm's ethical principles.

We have established the following restrictions in order to ensure our firm's fiduciary responsibilities:

1. A director, officer or employee of Trilogy shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No director, officer or employee of Trilogy shall prefer his or her own interest to that of the advisory client.
2. We maintain a list of all securities holdings and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Trilogy.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
4. We emphasize the unrestricted right of the client to select and choose any broker-dealer (except in situations where we are granted discretionary authority) he or she wishes.
5. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. Any individual not in observance of the above may be subject to termination.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; Attn: Chief Compliance Officer.

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## ITEM 12 - BROKERAGE PRACTICES

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Clients must maintain assets in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member

FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisors services that include custody of securities, trade execution, clearance and settlement of transactions. We may receive certain additional economic benefit (“Additional Services”) that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Orion. The value of the Additional Services is important to Trilogy because Orion is an essential service for our back-office billing and recordkeeping for the Firm.

TD Ameritrade provides the Additional Services to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent Investment Advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Trilogy or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by Trilogy or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Our receipt of Additional Services raises the potential for conflicts of interest. In providing Additional Services to us, TD Ameritrade most-likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services

Addendum with Trilogy, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, we may have an incentive to recommend to its clients that the assets under management by Trilogy be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Trilogy's receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

In the event you request us to recommend a Custodian for execution and/or custodial services, we generally recommend your account to be maintained at TD Ameritrade. We may recommend that you establish accounts with TD Ameritrade to maintain custody of your assets and to effect trades for your accounts. You are under no obligation to act upon any recommendations, and if you elect to act upon any recommendations, you are under no obligation to place the transactions through any Custodian we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of Custodian or the reasonableness of their commissions.

We do not select or recommend broker/dealers based upon receiving client referrals from a Custodian or third party. We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker/dealer. Additionally, we typically do not permit you to direct brokerage.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. We may use a broker/dealer other than your Custodian to execute trades for your account. The practice of using other broker/dealers may result in additional costs to you so that we are more likely to place trades through your custodian rather than through other broker/dealers. Your custodian's execution quality may be different than other broker/dealers.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully-disclosed separately to our existing clients (if any) and the broker/dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our investment advisory agreement with you for which trades are being aggregated.

3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
8. Individual advice and treatment will be accorded to each advisory client.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft-dollar commission basis.

#### **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of our clients. In cases where a client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by our firm. If the error is caused by the Custodian the Custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade and for accounts custodied at TD Ameritrade, the gain will be donated to charity. If an investment gain results from the correcting trade and for accounts custodied at LPL, the gain will be retained by LPL. Please note that our firm will never benefit or profit from trade errors.

## ITEM 13 - REVIEW OF ACCOUNTS

### **Account Reviews and Reviewers – Investment Supervisory Services**

The underlying securities within the investment supervisory services are regularly monitored. These reviews will be made by your individual Investment Advisor and are reviewed by the supervisor in charge. An annual review is usually conducted in person or by telephone.

The purpose of all these reviews is to ensure that the investment plan continues to be implemented in a manner which matches your objectives and risk tolerances. More-frequent reviews may be triggered by material changes in variables such as your individual circumstances, or the market, political or economic environment. You are urged to notify us of any changes in your personal circumstances.

### **Statements and Reports**

Trilogy will have the ability to provide clients with Performance/Position summary reports upon request. Reports may also be provided at every client meeting.

The custodian for the individual client's account will also provide clients with an account statement at least quarterly.

**You are urged to compare the reports provided by Trilogy against the account statements you receive directly from your account custodian.**

DecisionCoach clients will receive at least quarterly progress calls from our IARs.

## ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

As disclosed under Brokerage Practices, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent Investment Advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided



to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Trilogy or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by Trilogy or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

From time to time, we may 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 may 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.

Trilogy's IARs are incented to join and remain affiliated with Trilogy and to recommend that clients establish accounts with Trilogy through the provision of benefits discussed in Item 10. Trilogy Capital provides these additional benefits to its IARs including but not limited to repayable and forgivable loans. The receipt of any such compensation creates a financial incentive for your representative to recommend Trilogy for the assets in your advisory account.

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#### ITEM 15 - CUSTODY

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Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, 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 and must ensure proper procedures are implemented.

Trilogy is deemed to have custody of client funds and securities whenever Trilogy is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Trilogy will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Trilogy is deemed to have custody, the firm has 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 establishment 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. You should carefully review those statements and are urged to compare the statements against reports received from Trilogy. When you have questions about your account statements, you should contact Trilogy or the qualified custodian preparing the statement.

When fees are deducted from an account, Trilogy is responsible for calculating the fee and delivering instructions to the custodian. At the same time Trilogy instructs the custodian to deduct fees from the client's account; Trilogy will send you a notification itemizing the fee. Itemization shall include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

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#### **ITEM 16 - INVESTMENT DISCRETION**

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Prior to engaging Trilogy to provide investment advisory services, you will enter into a written Agreement with us granting the firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client's investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian so as to authorize and enable Trilogy, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any stocks, bonds or other securities and assets and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such authority will be communicated by you to us in writing.

The limitations on investment and brokerage discretion held by Trilogy for you are:

1. For discretionary clients, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
2. Any limitations on this discretionary authority shall be included in this written authority statement. You may change/amend these limitations as required. Such amendments shall be submitted in writing.

Research products and services received by us from broker-dealers will be used to provide services to all our clients.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

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#### **ITEM 17 - VOTING YOUR SECURITIES**

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We will not vote proxies under our limited discretionary authority. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies.

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#### **ITEM 18 - FINANCIAL INFORMATION**

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This item is not applicable to this brochure. We do not require or solicit prepayment of more than \$1200 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 our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.