



## Item 1 – Cover Page

AdviceOne Advisory Services, LLC

100 Western Boulevard

Glastonbury, CT 06033

(860) 659-4900

[www.AdviceOneRetirement.com](http://www.AdviceOneRetirement.com)

August 2013

Form ADV, Part 2; our “Disclosure Brochure” or “Brochure” as required by the Connecticut Uniform Securities Act is a very important document between Clients [you, your, direct client, indirect client (clients obtained through our joint advisory agreements with non-affiliated financial advisors)] and AdviceOne Advisory Services, LLC (AdviceOne, us, we, our). AdviceOne’s IARD firm number is 111614.

This Brochure provides information about our qualifications and business practices. If you have any questions about the contents of this brochure, please contact us at (860) 659-4900. 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.

We are a registered investment adviser with the sec. Our registration as an Investment Adviser does not imply any level of skill or training. Additional information about AdviceOne Advisory Services, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our firm name). The results will provide you with both Parts 1 and 2 of our Form ADV.

## Item 2 – Material Changes

The material change to report since the last annual filing of the new Form ADV Part 2 or “Disclosure Brochure” dated March 2013 are AdviceOne changed its website address and AdviceOne will now offer 401k management services to indirect clients. Details are provided in Item 4 and Item 5 of this Disclosure Brochure. This document was developed in response to new requirements adopted and imposed by the SEC under the Investment Advisers Act of 1940 (“Advisers Act”).

1. In future filings, this section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this Disclosure Brochure on the SEC’s public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).
2. We may, at any time, update this Disclosure Brochure and send a copy to you with a summary of material changes, or a summary of material changes that includes an offer to send you a copy [either by electronic means (email) or in hard copy form].
3. If you would like another copy of this Disclosure Brochure, please download it from the SEC website as indicated above or you may contact our Chief Compliance Officer, Michael P. Grossman at (860) 659-4900 or via email at [mgrossman@adviceonellc.com](mailto:mgrossman@adviceonellc.com).

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## Item 4 – Advisory Business

AdviceOne Advisory Services, LLC (AdviceOne, us, we, our) is a limited liability company organized under the laws of the State of Connecticut on December 14, 1998, and wholly owned by Michael P. Grossman. We are registered as an investment adviser with the U. S. Securities and Exchange Commission and notice filed as an investment adviser with the Connecticut Department of Banking since June 10, 2003, in order to provide the investment advisory products and services described within this document. Prior to our SEC registration, we were registered as an investment adviser with the Connecticut Department of Banking in April 25, 2000. We are also notice filed with the States of California, Florida, Georgia, Maine, Massachusetts, New Hampshire, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Texas, Vermont, Virginia, and Washington. As of December 31, 2012, we have more than 1100 clients with \$423,360,990 of assets under management managed on a discretionary basis.

We offer investment advisory services to individuals including high net worth individuals, pension and profit sharing plans, non-profit organizations such as churches, and corporations. This Disclosure Brochure provides you with information regarding our qualifications, business practices, and the nature of advisory services that should be considered before becoming our advisory client.

Please contact Michael P. Grossman, Chief Compliance Officer, if you have any questions about this Brochure.

Individuals associated with us will provide our investment advisory services. These individuals are appropriately licensed and qualified to provide advisory services on our behalf. Such individuals are known as Investment Advisor Representatives (IARs or IA Rep).

Below are descriptions of the investment advisory and financial planning services we offer. For more detail on any product or service please reference the advisory agreement, or speak with your IAR.

### **Investment Advisory Services**

Our IARs provide continuous and regular investment advisory services on a discretionary basis to you in connection with establishing and monitoring of your investment objectives, risk tolerance, asset allocation goals and time horizon. In addition, our IARs may provide information and research about investment products and

strategies, and review portfolio performance reports. You have the opportunity to place reasonable restrictions or constraints on the way your account is managed; however, such restrictions may affect the composition and performance of your portfolio. For these reasons, performance of the portfolio may not be identical with our average client.

We offer investment advisory services primarily through “Advisor Managed Fee Based Accounts” and “Third Party Managed Accounts”, effected through Securities Service Network, Inc. (“SSN”), a Financial Industry Regulatory Authority, Inc. (FINRA) registered broker-dealer. Trades are generally cleared through National Financial Services, LLC, pursuant to Securities Service Network, Inc.’s clearing agreement with the custodian.

Services provided under some or all of these options may be available from other providers for lesser fees.

### **Portfolio Management Services Provided to Direct Clients**

If we manage your account on a discretionary basis, such discretion must be granted in writing. We manage your account and make investment decisions without consultation with you that would involve determinations regarding which securities are bought and sold, the total amount of securities to be bought or sold, and the price per share at which securities transactions are effected. Our discretionary authority in making these determinations will be limited by conditions imposed by you in your investment guidelines, objective, or instructions otherwise provided to us.

Our IARs serve as your investment consultant and assist in identifying your long-term goals and investment objectives, develop the appropriate investment strategy to achieve those goals and objectives, determine the suitability of our services, assess the performance of your accounts, and determine whether our asset management services continue to be consistent with your long-term goals and investment objectives.

We do not manage accounts on a non-discretionary basis. We give advice on accounts not held by AdviceOne. These changes are usually made by you and are therefore non-discretion accounts.

We believe strongly in the benefits of portfolio diversification. We attempt, through asset allocation strategies, to achieve the return targets of our portfolios while controlling or limiting portfolio volatility. In developing our asset allocation strategies, we utilize proprietary asset allocation models that focus on long-term future asset class return, risk and correlation expectations. We review and modify our asset allocation models periodically to incorporate the results of ongoing research. These reviews may result in changes to our portfolios’ asset allocation strategies.

You have the option to accept or reject our recommendations. If we implement the recommendation, our IARs, as registered representatives, will place such securities transactions through Securities Service Network, Inc.

Once we have established the asset allocation strategy and selected managers for each portfolio, we monitor the strategy and the managers in the portfolio, and make adjustments in the portfolio when we believe such adjustments to be advisable.

Adjustments are made to bring portfolios back within established tolerances when such adjustments are deemed beneficial to the direct client. In determining whether to rebalance a portfolio, we may consider such factors as the cost versus the anticipated added value of any transaction that would be necessary in order to reestablish tolerance levels. The tax impact of rebalancing trades may also be considered for taxable accounts. The timing of all rebalancing activity is solely in our discretion.

The custodian for the direct client is National Financial Services, LLC.

#### **401k Management Services Provided to Direct Clients**

401k management services consist of assisting the direct client with allocation recommendations for 401k plans not held by AdviceOne.

We review the plan.

Make allocation recommendations.

We have limited discretionary trading authority.

We charge a fee to manage these assets within the 401k.

The plan is held outside of AdviceOne.

As stipulated in the Portfolio Management Services in item 5, the same fee schedule applies.

#### **401k Management Services Provided to Indirect Clients**

401k management services consist of assisting the indirect clients with allocation recommendations for 401k plans not held by AdviceOne.

We review the plan.

Make allocation recommendations.

We have limited discretionary trading authority.

We charge a fee to manage these assets within the 401k.

The plan is held outside of AdviceOne.

The same fee schedule applies as stipulated in the Portfolio Management Services in item 5.

### **Portfolio Management Services Provided to Indirect Clients**

We have entered into joint advisory agreements with non-affiliated financial advisors (i.e., other registered investment advisors) and their clients (indirect client) to provide investment supervisory services to their clients. Such joint advisory agreements call for us to manage their assets and perform certain other investment consulting services for those indirect clients. The non-affiliated financial advisors introduce and assist the indirect client in establishing a relationship with us.

The indirect clients' non-affiliated financial advisor serves as the investment consultant and assists the indirect clients identify their long-term goals and investment objectives, develops the appropriate investment strategy to achieve those goals and objectives, determines the suitability of our services, assesses the performance of their accounts, and determines whether our asset management services continue to be consistent with their long-term goals and investment objectives.

We intend to primarily allocate the indirect client's investment management assets, on a discretionary basis, in accordance with the indirect client's investment objectives. The indirect clients are advised to promptly notify their non-affiliated financial advisors if there are ever any changes in their financial situation or investment objectives.

We believe strongly in the benefits of portfolio diversification. We attempt, through asset allocation strategies, to achieve the return targets of our portfolios while controlling or limiting portfolio volatility. In developing our asset allocation strategies, we utilize proprietary asset allocation models that focus on long-term future asset class return, risk and correlation expectations. We review and modify our asset allocation models periodically to incorporate the results of ongoing research. These reviews may result in changes to our portfolios' asset allocation strategies.

Once we have established the asset allocation strategy and selected managers for each portfolio, we monitor the strategy and the managers in the portfolio, and make adjustments in the portfolio when we believe such adjustments to be advisable.

Adjustments are made to bring portfolios back within established tolerances when such adjustments are deemed beneficial to the indirect client. In determining whether to rebalance a portfolio, we may consider such factors as the cost versus the anticipated added value of any transaction that would be necessary in order to reestablish tolerance levels. The tax impact of rebalancing trades may also be considered for taxable accounts. The timing of all rebalancing activity is solely in our discretion.

The primary and almost exclusive custodian for the indirect client is National Financial Services, LLC.

The non-affiliated financial advisors that provide investment consulting services to the indirect clients as part of these joint advisory relationships charge a fee for their services. We have no role in establishing the fees charged by the non-affiliated financial advisors. We enter into joint advisory agreements with non-affiliated financial advisors and their clients. Such joint advisory agreements call for us to manage assets for indirect clients and call for the non-affiliated financial advisor to perform certain other investment consulting services for the indirect clients. Under such joint advisory agreements our services and fees are clearly stated, and the non-affiliated financial advisor's services and fees are clearly and separately stated. Typically, the custodian collects both fees from the indirect client's account and distributes the fees to us and the non-affiliated financial advisor.

### **Financial Planning Services Provided to Direct Clients**

We will provide financial planning and investment advisory services by conducting a series of meetings together, which will result in improving your overall financial preparedness. The meeting will include a retirement plan spreadsheet matched to your particular income and spending needs and an asset allocation matched to your particular risk tolerance. The meetings with the IA Rep will strive to educate you with respect to overall estate planning, retirement plans, insurance planning, and investment planning. The IA Rep will review your financial information and recommend specific investments and asset allocations to satisfy your financial goals and objectives.

You authorize the IA Rep to enter into such agreements and make such representations as may be necessary or proper in connection with the performance of its duties under this agreement. Because the meetings will be based on the information that you provide to the IA Rep, the completeness and accuracy of the information you provide is very important. Once you have completed the planning process, you will have the sole responsibility for determining whether to implement the recommendations contained therein.

The series of meetings are typically completed within three (3) months of contract date, assuming all information and documents requested are provided promptly.

Once the initial planning is completed a client typically attends 2-3 meetings per year to continue the planning. At each annual anniversary client may be charged an annual fee for the previous 4 quarters. We will not charge a pro rata services fee if you end this relationship mid-year.

Typically, in the third meeting after you have a better understanding of how we deliver our services, you will be required to enter into a financial planning agreement. This agreement sets forth the terms and conditions of the services to be provided, and the fee that is due. If requested, we may recommend the services of other professionals for implementation purposes, including us in our separate individual licensed capacities as registered representatives of Securities Service Network, Inc.

You are under no obligation to engage the services of any such recommended professional. You are free to accept or reject any recommendation. Moreover, you are advised that you have the responsibility to promptly notify us if your financial situation or investment objectives change for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

### **Financial Planning Services Provided to Indirect Clients**

We do not provide financial planning services to indirect clients.

### **Wrap Fee Programs**

We do not participate in wrap fee programs.

## Item 5 – Fees and Compensation

### **General Account Characteristics**

Described below are general characteristics regarding “other” fees incurred, payment of fees, and termination of contracts that will affect your account(s). Following these disclosures are descriptions of the accounts or services that we offer, the basic management fee structures and any unique characteristics. All fees and compensation will be fully described in the investment advisory agreement entered into prior to commencement of services. For a more complete discussion and disclosure regarding any services or fee structure, we will provide a detailed advisory agreement and/or the non-affiliated financial advisor’s Disclosure Brochure.

### **Other Fees**

Generally, fees for investment advisory accounts are based on a percentage of the market value of assets under management including cash. However, the advisory fee does not cover charges imposed by third parties for investments held in the account, such as contingent deferred sales charges or 12b-1 trails on mutual funds. In addition, each mutual fund or non-affiliated financial advisor charges asset management fees, which are in addition to the advisory fees charged by us. The fees charged by such funds or non-affiliated financial advisors are disclosed in each fund’s prospectus or non-affiliated financial advisor’s Disclosure Brochure. The advisory fee also does not cover debit balances or related margin interest or SEC fees or other fees or taxes required by law. In addition, certain accounts may require a minimum advisory fee or quarterly maintenance fee that will be detailed in the applicable advisory agreement.

### **Payment of Fees**

Fees are payable quarterly in advance, and automatically deducted from the primary account (i.e., clients with multiple accounts) pursuant to the advisory agreement. Our fee for advisory services will be based on the ending value of the account on the last day of the billing cycle and is payable in advance. The first advisory fee is based on the value of the account on the first day of management by us. The first advisory fee will be assessed on pro-rata basis taking into account the time for which the account was not managed by us and the time remaining in the billing cycle. If additional assets are deposited into an account after the beginning of a quarter, the fee will be assessed on a pro-rata basis taking into account the time remaining in the billing cycle.

Both our investment advisory agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of our investment advisory fee and to directly remit that management fee to us in compliance with regulatory procedures. You will be provided with a quarterly statement from the account custodian reflecting deduction of the advisory fee.

Non-affiliated financial advisors will calculate their fees based on quarter ending balances as disclosed in the client agreement and accompanying fee schedule.

### Termination of Contracts

The agreement shall remain in force and effect until terminated upon 10 days written notice by either party. Fees paid in advance will be prorated to the date of termination and any unearned portion of the fee will be refunded to the client. Upon client instructions, the custodian will deliver securities and funds held at custodian as instructed by client unless client requests that the securities and funds be liquidated. Termination of the agreement will not affect the liabilities or obligations of the parties arising out of any transaction initiated prior to termination. This agreement will not terminate in the event of the client's death, disability, or incompetence. However, in the event of client's death, disability, or incompetence, client executor, guardian, attorney-in fact or other authorized representative may terminate this agreement by giving written notice to us with such termination being effective upon our receipt of such notice.

We will deliver the applicable disclosure brochure(s) or Form ADV Part 2 to you before or at the time we enter into an investment advisory contract with you.

Detailed information on the termination terms and fees can be found in the applicable advisory agreement.

### **Portfolio Management Services Provided to Direct Clients**

Related to portfolio management services described in Item 4 above, fees charged are negotiable. Fees are not to exceed 3% of assets under management per year.

### **Portfolio Management Services Provided to Indirect Clients**

We charge an annual fee of .20% with a minimum of \$50 per quarter, per household. This fee is non-negotiable and paid quarterly. Fees are based on a percentage of the value of your account. The non-affiliated financial advisor's fee may or may not be negotiated. In addition, minimum account balances may be required by the non-affiliated financial advisor.

### **Financial Planning Services Provided to Direct Clients**

The meetings will include a retirement plan spreadsheet matched to your particular income and spending needs and an asset allocation matched to your particular risk tolerance. We may charge a flat fee not to exceed \$10,000 unless agreed upon between us, which will be quoted prior to the contract being executed. The fee for this service will be determined according to the complexity of the plan as well as the extent of service you desire. The actual fee will be given upon contracting with you.

The initial financial planning fee is paid in advance. This fee is non-refundable unless the contract is terminated within 5 days of signing. Annual anniversary fees are paid in arrears. Clients who end this relationship will not be charged their annual anniversary fee on a pro rata basis.

All costs are disclosed to you. Our recommendations will result in products which may or may not be held at our firm. There may be times where insurance is purchased, at which time we would disclose any potential conflict of interest.

In the capacity of investment advisor representatives of AdviceOne, associated persons do not receive commission for any securities transactions affected and will only receive advisory fees.

In the capacity of registered representatives of Securities Service Network, Inc., associated persons may receive commissions for securities transactions effected. Associated persons are registered representatives of Securities Service Network, Inc., a registered broker dealer. These transactions present a conflict of interest. These transactions give the registered representatives an incentive to recommend investment products based on the compensations received rather than on a client's needs. Prior to these transactions being effected, registered representatives will disclose this conflict of interest.

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

We do not charge advisory fees on a share of the capital gains or capital appreciation of the funds or securities in a client account (so-called performance based fees). Our compensation structure is disclosed in detail in Item 5 above.

## **Item 7 – Types of Clients**

We provide investment advisory services to individuals including high net worth individuals, pension and profit sharing plans, non-profit organizations such as churches, and corporations. We require a minimum balance of \$25,000 to open an account, although some accounts of lesser size may be accepted. The non-affiliated financial advisor may also require a minimum account size.

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

AdviceOne constructs two primary portfolios for our clients comprised mainly of open-ended mutual funds. The fixed income portfolio is designed with the objective of providing current income to our clients and the equity portfolio is designed with the objective of providing long-term growth.

The open-ended mutual funds are selected to provide diversification across asset classes and to manage the primary risk factors associated with investing that include inflation, interest rate, currency exchange rate, liquidity, business risk and market volatility.

When selecting these investments, a comprehensive review of the available options in each asset class is undertaken. Both objective and subjective factors are used. Data that is publicly available as well as purchased from trusted sources is analyzed to narrow the list of suitable options. Factors include but are not limited to: the track record of the manager/management team, tenure of the manager/management team, risk and return characteristics of the portfolios, style consistency, valuation multiples, modern portfolio theory (MPT), statistics, and duration and quality for fixed income investments. Cost factors of each fund are also considered.

When potentially suitable open-ended mutual funds are selected, a proprietary process is undertaken. This process includes interviews with members of the fund portfolio manager team. The goal of these interviews is to determine the investment methodology and process used to select and sell individual securities for their portfolios, the philosophy of the managers pertaining to their personal and firm employee's investment in their portfolios, their interaction with the management teams of the companies in which they invest, and their overall philosophy for management in terms of a top-down or bottom-up approach.

The final step is to create the overall allocation of each fund into the complete portfolio. This is achieved by analyzing stock overlap, country and region allocation, allocation to the specific style of investment (large, mid and small capitalization), and assessing how the overall portfolio is weighted towards value or growth for the equity portfolio, and duration and yield for the fixed income portfolio.

Once the portfolios have been created, there are ongoing reviews to ensure that the portfolios continue to meet their objectives. If changes are warranted, individual funds will be replaced.

There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in securities involves risk of loss which you should be prepared to bear.

## **Item 9 – Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client /Adviser relationship with us.

## Item 10 – Other Financial Industry Activities and Affiliations

Neither AdviceOne nor any of our management persons are registered (except as stated below), or have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of the foregoing entities.

In addition, neither AdviceOne nor any of our management persons have any arrangement that is material to our advisory business or to our clients that AdviceOne or any of our management persons have with any related person that is, under common control and ownership, a:

- Broker-dealer, municipal securities dealer, or government securities dealer or broker,
- Investment company or other pooled investment vehicle,
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Banking or thrift institution,
- Accountant or accounting firm,
- Lawyer or law firm,
- Insurance company or agency,
- Pension consultant,
- Real estate broker or dealer, or
- Sponsor or syndicator of limited partnerships.

However, Michael P. Grossman and our IARs are registered representatives of Securities Service Network, Inc.; a FINRA broker dealer registered with various regulatory agencies. In the capacity of investment adviser representatives of AdviceOne, associated persons do not receive commission for any securities transactions effected and will only receive advisory fees.

In the capacity of registered representatives of Securities Service Network, Inc., associated persons may receive commission for securities transactions effected.

Associated persons are registered representatives of Securities Service Network, Inc. a registered broker dealer. Transactions are effected in your best interest.

In addition, certain IARs of AdviceOne are licensed to sell insurance products through various companies. These individuals may receive compensation for the sale of such products. You are under no obligation to purchase insurance products through them and are free to choose the sources through which to implement investment advisory recommendations.

The above affiliation may be considered material; however, we are not under common control or ownership with Securities Service Network, Inc or with any insurance companies or agencies.

Mr. Grossman and other associated persons spend approximately 1% of their time selling securities and insurance products, and 99% of their time providing investment advice.

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

Our firm has adopted a written Code of Ethics in compliance with SEC Rule 204A-1 under the Investment Advisers Act of 1940 (as amended—the Advisers Act) and in compliance with state regulations. All employees of AdviceOne are deemed by the Advisers Act to be supervised persons<sup>1</sup> and are therefore subject to this Code of Ethics. In carrying on its daily affairs, AdviceOne and all of our associated persons shall act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by our governing regulatory authority. The Code of Ethics sets forth standards of conduct and requires compliance with state securities laws. Our Code of Ethics also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to our Chief Compliance Officer. We will provide a copy of our Code of Ethics to you or any prospective client upon request within a reasonable period of time at the current address of record.

We have created a Code of Ethics which establishes standards and procedures for the detection and prevention of certain conflicts of interest including activities by which persons having knowledge of the investments and investment intentions of AdviceOne might take advantage of that knowledge for their own benefit. We have in place Ethics Rules (the “Rules”), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that our personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place the interests of our clients first; (iii) disclose all actual or potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to its clients; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

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<sup>1</sup> Supervised person means any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.

Under the general prohibitions of the Rules, our personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

Our personnel are required to conduct their personal investment activities in a manner that we believe is not detrimental to its advisory clients. Our personnel are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where our personnel may buy and sell on behalf of its clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access Persons<sup>2</sup> to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. The Ethics Rules are available to you and prospective clients upon request by contacting us during regular business hours. We will furnish a copy within a reasonable period of time to you at your current address of record.

In the capacity of investment adviser representatives of AdviceOne, associated persons do not receive commission for any securities transactions affected and will only receive advisory fees.

In the capacity of registered representatives of Securities Service Network, Inc., associated persons may receive commission for securities transactions affected. Associated persons are registered representatives of Securities Service Network, Inc., a registered broker dealer. Transactions are effected in your best interest.

In addition, certain IARs of AdviceOne are licensed to sell insurance products through various companies. These individuals may receive compensation for the sale of such products. You are under no obligation to purchase insurance products through them and are free to choose the sources through which to implement investment advisory recommendations.

Our IARs may buy or sell for their own accounts, securities that are also held by their clients. Conversely, they may buy and sell securities for client accounts which they themselves may own. Such transactions are permitted if in compliance with our Policy

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<sup>2</sup> Access person means any of your supervised persons who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. If providing investment advice is your primary business, all of your directors, officers and partners are presumed to be access persons.

on Personal Securities Transactions. Reports of personal transactions in securities by our IARs are reviewed by the firm's Compliance Department quarterly or more frequently if required.

We do not, nor does a related person, recommend to you, or buys or sells for your accounts, securities in which we (or a related person) have a material financial interest. Additionally, we do not, nor does a related person, recommend securities to you, or buy or sell securities for your accounts, at or about the same time that we (or a related person) buy or sell the same securities for our own (or the related person's own) account.

We do not execute transactions on a principal or agency cross basis.

## Item 12 – Brokerage Practices

Our associated persons, in their capacities as registered representatives of Securities Service Network, Inc., may suggest that you implement recommendations through our broker-dealer. If you choose to do so and prior to execution of such transactions, we will present any potential conflict of interest to the extent that associated persons could receive commissions or compensation for securities transactions as registered representatives of Securities Service Network, Inc.

You are under no obligation to implement recommendations through the registered representatives but if you do so, you may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services. As previously stated, Securities Service Network, Inc. is a broker-dealer and with which our IARs are licensed as registered representatives. As a result of the individual registrations of our IARs with Securities Service Network, Inc., we are generally required to utilize the brokerage services of Securities Service Network, Inc. for investment advisory accounts. Nonetheless, we will evaluate that execution of securities transactions through our broker-dealer is favorable and meets your needs and objectives. The majority of our business is fee based thru our IARs not as registered representatives.

We have no soft dollar arrangements and we do not aggregate trades.

## **Item 13 – Review of Accounts**

### **Reviews**

Accounts are reviewed at least quarterly. Reviews of investment accounts typically look at portfolio consistency with regards to your risk tolerance, investment time horizon, performance objectives, and asset allocation instructions. Reviews also consist of account holdings, transactions, charges, and performance as provided on such statements and other account reports. Also if you receive financial planning advice, reviews are made on the same schedule. Reviews cover progress toward financial independence, anticipated distributions toward family legacy goals, anticipated distributions for social capital or charitable goals, as well as other goals communicated by you. In either type of review, accounts will also be reviewed upon your specific request, or notice of changes in your circumstances.

### **Reviewers**

Accounts are primarily reviewed by your IAR. In addition, our compliance program includes the periodic review of a sample of customer accounts for consistency with your risk tolerance, investment time horizon, performance objectives, and asset allocation instructions. There is no minimum number of accounts assigned for the reviewer.

You are provided with written monthly or quarterly account statements from the custodian, depending on the activity in the account. Reports include details of your holdings, asset allocation, and other transaction information. Comparisons to market indices and account performance may be used to evaluate account performance.

You may receive from AdviceOne written performance reports describing AdviceOne Account performance, holdings and other activity. The information contained in these reports is collected from sources believed to be reliable. However, you always should rely on your statements received from the custodian.

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

AdviceOne does not receive an economic benefit from a non-client for providing investment advice or other advisory services to our clients. Additionally, we do not have any arrangement under which we, or a related person, directly or indirectly compensate any person, who is not our supervised person, or receive compensation from another for client referrals.

As previously discussed, our associated persons, in their capacity as registered representatives of Securities Service Network, Inc. may receive commissions earned on securities transactions directed through same. Any such fee arrangements shall be fully disclosed to clients. The prospectus for the investment company will give explicit detail as to the method and form of compensation.

## Item 15 – Custody

We do not have custody of client funds or securities; however, we will be granted authority, by written consent from you, to deduct the advisory fees directly from your account. The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us. You are encouraged to review these reports and compare them against reports received from the independent custodian that services your advisory account. You should immediately inform us of any discrepancy noted between the custodian records and the reports you receive from us.

## **Item 16 – Investment Discretion**

### **Investment Discretion for Direct Clients**

As described in detail in Item 4 above, you will give the IA Rep discretionary trading authority with respect to the purchase and sale of no-load mutual funds, other mutual funds at NAV, individual stocks and bonds, and variable annuity sub-account allocations in your account. This authority is disclosed in the client agreement.

### **Investment Discretion for Indirect Clients**

As described in details in Item 4 above, you will give the non-affiliated financial advisor discretionary authority to more actively manage your assets. You will give the IAR Rep discretionary trading authority with respect to the purchase and sale of no-load mutual funds, other mutual funds at NAV, individual stocks and bonds, and variable annuity sub-account allocations in your Account. This authority is disclosed in the client agreement.

You will have the right to place reasonable restrictions when required by your employer following securities rules. Any restrictions must be submitted to us in writing.

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

We do not vote or assist in voting proxies, nor will we accept authorization to vote client securities. You will receive proxies or other solicitations directly from your custodian or a transfer agent.

## **Item 18 – Financial Information**

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you given that we do not have custody of client funds or securities, or require or solicit prepayment of fees in excess of \$1,200 per client and six months or more in advance. In addition, we are not currently, nor at any time in the past ten years been the subject of a bankruptcy petition.